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A BOOK OF SUGGESTIONS FOR EXECUTIVES

*By* HERBERT N. CASSON

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HIS book is the first one that undertakes to develop a TECHNIQUE OF ACTION. We have had "inspirational" books that cast a glamour over "Action". We have had our "Do It Now" mottoes. We have had eulogies of the men who do things. But we have not had a book that might fairly be called a TEXT-BOOK on action in business life.

Northcliffe once said to me, as he said, I believe, to almost everyone—"You see, I am the one man in England who can get things DONE." This was his proudest description of himself. All through his vivid life he was a man of action. He not only acted. He plunged. He made mistakes and forgot them. He built up, not only a sphere of national influence, but one of our largest profit-making organizations as well.

I do not say in this book that any young man can become a Northcliffe—nothing as foolish as that. I do not say that any young man can climb to the top; but I do say that if he learns how to ACT—how to be PRACTICAL, he can

climb higher. He can make a better use of his abilities and receive a greater reward.

A writer in a London Sunday newspaper said—"Every tradesman is a potential Leverhulme. Every man has in his circumstances the chance of becoming the new Rockefeller." Such a statement is, of course, sheer rubbish. It is not true that anybody can, even by the greatest possible effort, become a Leverhulme or a Rockefeller. It does not do any good to make such statements. The truth is always more helpful than wild exaggeration.

The truth is that every man has his limitations, but he does not know what they are until he develops his powers and does his best. Any little lad in a school playground MAY become a Leverhulme or Rockefeller, but to say that any lad CAN become a millionaire Business-Builder is nonsense. As well might it be said that any lad can become a great artist or a great musician.

Any lad can make the most of himself—that is the common-sense fact about ambition. What he finally becomes depends upon his abilities and his chances and his determination. No young man knows what he can do until he trains himself and gathers knowledge and lives a full-speed life. Any young man can make his own size of a success. It may be a

little success or a big success. That is the truth about self-development.

The great need to-day is for more practical men—men who are action-minded, who will eventually become so strong and numerous that they can shoulder the theorists and careerists out of the way. More men must qualify themselves to belong to the Efficient Few. The future of civilization in any country depends upon the production of such men. And the purpose of this book is to help to develop them.

All the men in Great Britain or in any other country are practically holding on to a long rope. The able, successful men are pulling the rope forward to prosperity. Those who are making a bare living are not pulling the rope either way. And those who are not earning a living are holding on and being dragged. We need more men who can PULL, which means, of course, more men who can act usefully and wisely.

Almost all nations are being governed by Talkers. These Talkers are very skilful as Promisers, but they have never learned the Technique of Action. They cannot do things themselves, and they are over-taxing and obstructing the efficient leaders of private enterprise who DO know how to do things. There

you have in a sentence the basic cause of most of the business troubles of every nation that is under a political government or a Dictatorship.

What the world needs most, at present, is more freedom of action, and protection from pillage for its competent Thinkers and Organizers—for the practical men who know what to do. There are not enough of these men. The hope of the world is that more may be developed and that they may come to the front in the leadership of their nations.

The permanence of a civilization depends most of all upon the development of a sufficient number of high-quality, action-minded men. This fact is now being proved by the number of civilized countries that are now floundering back to barbarism, following Russia, which has gone completely back.

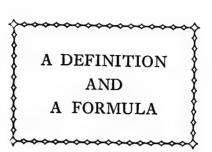
During the past fifty years, a number of skin-deep civilizations were built up. They have the equipment of civilization, but they have not developed enough high-quality men. Germany is now being put to the test. So is France. So are Jugoslavia and Japan and the United States. Have they got enough high-quality men to prevent the overthrow of their civilizations? The Roman Empire permitted its breed of men to decay, and it was trampled

out of existence by the feet of barbarians.

The real strength of our British Empire is not in our army and navy and wealth, but in the fact that we have a large percentage of high-quality men. It is everywhere said of us that we are a PRACTICAL people. This is higher praise than we realize. It is another way of saying that we are not so easily deluded by words and phrases and promises. We have, I venture to say, the highest percentage of men who have learned the Technique of Action.

Consequently, I am hoping that this book will be given a welcome in Great Britain, if not in other countries where it is more needed. If it adds a few more to the number of our Efficient Doers it will have been well worth the trouble of writing it.

HERBERT N. CASSON.



#### CHAPTER ONE

#### A DEFINITION AND A FORMULA

HE first thing is to have a clear idea in our minds of what we mean when we say "action". When the leaves on the trees are blown by the wind, that is not action. That is only movement, quite a different thing. When a man sits and twiddles his thumbs, that is not action. There is no action, strictly speaking, unless something is being DONE.

In order to promote clear thinking I would venture to give the following Definition—ACTION IS THE CREATION OF CAUSES THAT ARE LIKELY TO PRODUCE A CERTAIN DESIRED EFFECT.

Also, I would venture to give the following Formula for wise action—first study the NATURE OF THE DESIRED EFFECT, THEN CREATE THE CAUSES THAT ARE MOST LIKELY TO PRODUCE IT.

If this Definition and this Formula are clearly in a man's mind, he will be stimulated more frequently into action, and his actions will probably be less aimless and more effective. The vital fact to remember, in this

matter of action, is that whenever we act we are dealing with CAUSE and EFFECT. To act wisely, we must first study the nature of the effect that we desire; and to act effectively we must set into operation the right causes.

Success does not happen. It is CAUSED. It is safe to say that not in one case out of fifty is success accidental. If success is caused by luck, it will, almost certainly, be followed by failure. Why? Because there is no such thing as STEADY good luck. Luck changes. Every one of the gamblers at Monte Carlo has discovered that. Every gambler with a "system" has sooner or later come to grief.

A keen business man spends much of his time creating the CAUSES of success. He is always on the lookout for the weak men and wrong methods in his business. When he discovers anything that is causing a loss, he stops it. He acts. He makes a change. He knows that success has to be built up, just as a house is built. A house does not happen. It is designed and constructed. And so is the success of any business.

If any business man will make it a habit of mind to look upon his actions as causes, it will greatly increase his personal efficiency as an executive. It would help any young man, too. It would prevent him from "sowing his

wild oats". It compels a man to think of the future—to think of RESULTS. As we know, efficiency means a higher percentage of results. As soon as a man begins to think of causes, he is on his way to be efficient.

In general, we may say that there are two classes of actions—ROUTINE and CREATIVE. A man does what he has been told to do, in the same way that he did it yesterday. That is Routine Action. The work that he does is useful. He earns his wages by doing it. But it is wholly an inferior type of action. It causes nothing, as far as he is concerned, but wages. It does not promote his personal development. As long as a man is content to do routine work only, he will remain in the rank and file.

Creative Action is different. It means doing something that was not done yesterday. It means thinking, followed by an act of will-power. It means creating a new cause. It means solving problems. In business, it means doing something to increase the goodwill or prestige or net profits. Always, it means some kind of an improvement.

Consequently, as this book is for executives, or for those who are preparing themselves to be executives, it will deal only with CREATIVE ACTION. If I wrote on Routine Action, I would have to write a different book for every trade

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and Industry. But the rules and methods of Creative Action can be applied to all trades and professions. Management has a Technique of its own. The Formula for wise action can, for instance, be used by all executives, no matter what their trade or industry.

The fact is that every business man succeeds by the number and wisdom of his creative actions. His never-ending task is to act wisely. The most efficient Managing Director is the one who knows what to DO, that will benefit his company. His policy is—Do it now, if it ought to be done.

There are many companies in which the men at the top do little more than to supervise the Routine Actions of the company. They do very few Creative Actions. If a company has been well established by creative men, in its earlier days, it may run for quite a while with routine men at the head of it. But it is certain to slow down—to become less and less efficient. It may have a thousand employees. It may look as though it were a permanent, successful business. But if it neglects Creative Action, it is drifting towards the rocks.

A tortoise looks as though he were built for speed. At any rate, he is streamlined. Yet he is one of the slowest creatures in the world. He has a slow brain and slow legs. And there

are some companies that are like tortoises. They have organization charts. They often have good equipment. They seem to be built for speed and yet they make slow progress. They are organized for routine and not for action and improvement. They are like Government Departments. They have become bureaucratic.

We know to-day that there is a vast difference between system and efficiency. A company can have a cast-iron system—a system that works with very few errors, and yet make very small net profits. When any company is so rigidly organized that it makes no experiments—that it destroys initiative, it becomes like a tortoise. There are quite a few tortoise-companies.

It is probably true that the main reason why so many businesses become unprofitable is because the men at the top are neglecting Creative Action. There is slackness on the management side. These businesses are being only half-managed, to tell the truth. Those who are at the head of them are doing only half of their duties. They are doing only the easy, routine work. They are not making improvements. They are, for instance, neglecting staff training, standardized conditions, planning, customer-finding, maintenance of equipment, goodwill of employees, salesmanship, advertising, etc.

Taylor once said that 90 per cent of his trouble, when he tried to increase the net profits of a company, was in getting the men on the management side to do their share of the duties. I have had the same experience. "Like Master, like man." When there is slackness at the top of a company, there is slackness all down the line. No company can be well managed by authority alone. It is not enough to say—"Let George do it". It is the duty of the management to create the right technique in the business—to constantly study and improve the methods—to keep on learning and teaching—to create such causes as will make the business GROW.

When a man is at the head of a business, he is unsupervised. His shareholders are not likely to worry him until the crash comes. If he is incompetent and apathetic, he can let his company drift. He will not create the causes that make success. Very often, he lacks the nerve to make quick decisions. Every opportunity gets away from him because he lacks the nerve to act quickly.

In his detective novel—The Unexpected Legacy—Mr. E. R. Punshon says, describing one of his characters—"Allan had that rare gift which is often the sole difference between those who succeed and those who do not. He

could make up his mind in a flash, and act before there was time to unmake it."

Too many men are influenced by that old saying—"Second thoughts are best." The answer is—sometimes they are and sometimes they are no good at all. A second-thought man is likely to be a trailer. He is left in the rear by the first-thought men. Quickness is a great advantage. Where one man loses money by being too quick, a thousand lose money by being too slow. "The first man gets the oyster, the second man gets the shell."

It is incredible, but true, that many a large company will permit a department to make a loss for a year or for two years, sometimes for three years, without taking any effective action to stop either the loss or the department. The department may be discussed at a dozen Board Meetings. But any effective step that may be proposed is regarded as too risky or too drastic. And nothing is done.

With regard to all bad news, Scotland Yard has the right procedure. When the news is telephoned to Scotland Yard that "a murder has been committed", there is a fixed course of ACTION. Not a minute is lost. The C.I.D. knows exactly what to do at once. "The first moves in a murder investigation are as clearly laid down as the gambits in chess," says

George Dilnot in his book The Real Detective.

At once the doctor, the fingerprint expert, the photographer, the divisional detective inspector and his staff and one of the "Big Five" dash to the spot and begin to gather facts and hunt for clues. There is a search—such a search as no other body of men ever makes. There is the keenest observation of every small thing that may help in the discovery of the murderer. And usually the welcome news is announced next day in the daily press that "a man has been detained".

It seems to me that we should have the same kind of a search in every big company when it is discovered that "a loss has been made". A loss is always a serious matter. It is the worst news in any company. Certainly we should have a fixed course of ACTION to find out the causes of it and to set new causes into operation to change it into a profit. We should learn from Scotland Yard the importance of taking action AT ONCE.

With regard to all small matters, decisions should be made at once. Five guineas worth of time should not be wasted on a five-shilling matter. All trifling matters should be decided by subordinates. Big men should attend to big matters only. This is easy to say. It is

self-evident. But it is a rule that is broken every day by many Managing Directors.

When a Managing Director has a large problem to solve, the most effective way to solve it is to divide it up into its various parts. He should know definitely beforehand all that is involved. He may find that he needs more information on one point. He should write on cards the different factors that must be dealt with—one factor on each card. This is called "Visible Thinking". Then he may find that the best way to solve the problem is to deal with one factor at a time.

Suppose we apply our Definition and Formula to a garden—the first thing that a man does is not to begin to dig. He first thinks of the "desired result". He thinks of what he wants to grow. Then he studies his soil. He asks—"Are there the needed causes in my soil to produce the desired result?" He may find that his soil needs lime or manure or some other ingredient. The soil must suit the seeds and bulbs. Whenever a man has poor results from his garden, it is because he has neglected the law of cause and effect.

Suppose we apply our Definition and Formula to a small shop—here, too, the shop-keeper must think first of the "desired result". His desire is to keep his customers, to gain

new customers, to sell more goods to as many customers as possible, at prices that will give him a fair net profit. He can set into operation scores of causes to accomplish this result. He can begin by comparing his shop with the shops of his competitors. He can see what he lacks. He can think of some extra causes that his competitors do not have. He can shape a plan of Action.

Suppose we apply our Definition and Formula to a factory—what the manufacturer wants are reduced costs and more sales at profitable prices. That is his "desired result". He must set two sets of causes in operation—the one to reduce costs and the other to increase the number of profitable sales. He will need to prepare two plans of Action. He may need to re-design one of his products, to buy three new machines, to train ten of his salesmen, to give books on management and efficiency to his foremen, to close down one of his departments, to specialize on his "best sellers", to engage a more competent Advertising Agency, to put in a system of mechanical conveyors, and so on. There are scores of causes of more net profit that he can set into operation.

In a factory, perhaps more than anywhere else, the Technique of Action must be learned. A factory is a place of STANDARDIZED ACTION.

It is not at all like a workshop or a studio. There are some operations that are performed a million times a year. These must be studied and standardized. On these operations it is worth while to save seconds. A million seconds make 277 hours.

The "desired result" in a factory is how to have a job done quickly, correctly and smoothly, without any waste of time and hold-ups. The best way to solve this problem is to apply our Formula—to PREPARE for a job before it is started. In hundred of factories, orders are thrown on top of the foremen too soon. Sometimes some necessary materials have not been bought, or jigs have not been made or castings have not been delivered and so on. This neglect of preparation turns a foreman into a "chaser". He is compelled to do preparatory work which is not his work at all, and which he has not the power to do efficiently.

Work travels. Every job has a Cook's Tour through the factory; and it should not start until its journey has been planned and everything is ready for it. In some factories I have seen as many as fifty jobs "in abeyance", littering up the floor and causing congestion and confusion. They had either been started too soon or set aside for "Urgent" jobs. This is always a sign of incompetent manufacturing.

Our Formula includes planning with action, but in a factory it is wise to separate planning from action. The foremen should deal with action, not with planning, except in a departmental way. The planning should be done for them by a Planning Department or Works Office. An order is like a ship. It should not start until it is ready to start. It should never be passed on to the foremen until all preparations have been made for it.

The most perfect planning and "progress work" is done by steamship companies, railways and daily newspapers. Railways and newspapers work to minutes. They are seldom late. They show what can be done in the controlling of variables. The serving of a banquet for five hundred people, too, is a perfect object-lesson in the Technique of Action. More than fifteen thousand things must be handled and properly placed at the right moment.

As we have seen, our Formula can be applied to any sort of a job—to a garden, or a small shop or a factory. No matter what we set out to do, we should think first of the "desired result" and then create the causes to produce it. It is not a Formula for supermen or for great organizations only. It may be adopted by any ambitious young man whose foot is

on the lowest rung of the ladder of promotion.

The truth is that a man's success, usually, is not due to some big brilliant Idea or Scheme, but to thousands of little, practical acts. Every large business has been built up by a vast number of small and large improvements. The small man who neglects to make decisions and to carry them into action, will never become a man of large affairs. And if he should, by chance, inherit any large responsibility, he will be quite unable to handle it efficiently.

Many men have their heads filled with big ideas, but they neglect the little practical acts. They build castles in the air and do not put foundations under them. A glib Socialist speaker will rant on what ought to be done with the Bank of England, but very likely he does not know the simple procedure in a branch bank in a village.

In a village public-house any evening, the villagers are likely to be discussing what ought to be done with the world; but they never talk about any improvements they have made in their jobs. Old Tom will say—"I'll tell you what ought to be done with the League of Nations", but his gate has been off its hinges for a year. Old Joe will hold forth on the nationalization of the coal mines, but there have been two broken panes of glass in the front of his cottage for the last six months.

Here we have the main reason why so many small villages have remained small villages for centuries—there has been big talk and no practical action. I know one town in Canada that has a population of three thousand people. It had three thousand people fifty years ago. It has never grown. Why? Because the people of the town are talk-minded and not actionminded.

The citizens are equally divided between Liberals and Conservatives. There is a Liberal weekly paper and there is a Conservative weekly paper. Several times a year there is a mass meeting in the Town Hall. The speakers are Liberal or Conservative politicians. The citizens argue endlessly about national problems and world problems. But never once in fifty years has there been a mass meeting to consider the practical question—"What can we do to improve our town and make it grow?" That is why that town has remained stock-still, in a state of semi-paralysis, for fifty years. It did not set out to do the small practical things.

All books on Efficiency teach us to begin where we are. They are the exact opposite of books by theorists, which tell us to begin with things we know nothing about. Efficiency teaches a man to begin with his own job. If he cannot find any way to do his work better,

he is not likely to know how to solve national problems. We begin to learn the Technique of Action by finding out how to do small jobs in the one right way. No man is fit to tackle a big job until he has tackled and mastered a lot of small jobs.

Back of every satisfactory Balance Sheet there were thousands of wise decisions and large and small practical acts. A Balance Sheet is the annual record of results. If the company has been efficiently managed, then the 'desired result' has been obtained. The Balance Sheet tells the tale. No matter how much the men at the head of a company may deceive themselves or flatter themselves during the year, the Balance Sheet brings them back to the FACTS. It tells them the results of what they did or of what they neglected to do.

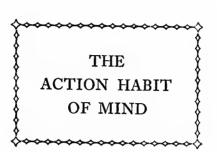
It is amazing how little Creative Action there is in many companies. They drift through the year. They move only when they are pushed. They do only what they must. The head of one of these companies will look up with dead eyes and say—"Business is the same old thing." He thinks that business is like breakfast, lunch, tea, dinner, bed—the same thing every day.

The fact is that business is the same thing WITH VARIATIONS, and the variations are what

increase the profits. It is the extra thing—the little spot of superiority, that puts a company ahead of its competitors. When a man of fifty has learned little or nothing since he was twenty-five, he and his business have become obsolete. A new generation of people has sprung up, and these new people do not look with favourable attention upon him and his business.

There is no end to the variations in business. There will never be an end to them. There are always new ideas, methods, fashions, experiments, buying-habits. The march of change and improvement will never stop. As we learn from the laws of Evolution, the businesses that survive are those that constantly adapt themselves so as to be in harmony with outside conditions. Business is "the same old thing" in the same sense that Life is, but there is a vast difference between a jelly-fish and Shakespeare.

So, as we have seen, there must be Creative Action in a business. A man must first have a definite purpose. He must aim at a "desired result". Then he must think of the CAUSES that will produce that result and set them in operation. This is not a theory. It is not an opinion. It is the law underlying success—the law that no man can break without loss.





## CHAPTER TWO

# THE ACTION HABIT OF MIND

HE first instinctive action that a man takes when he is suddenly confronted by a danger, is one of the best tests of his physical courage. If he moves back from the danger, he is probably timid. If he moves forwards towards the danger, he is probably courageous.

If a runaway horse, for instance, is dashing towards a crowd of men, there will likely be at least one man in the crowd who will at once size up the situation and try to stop the horse. The other men will think first of safety and move out of danger.

This presence of mind is equally rare and useful in the business world. We may say that those who possess it have the active habit of mind, not the do-nothing habit. When they suffer a loss or when their profits decrease, they do not take this lying down. They see at once that some action must be taken. Certain causes are in operation against them. They see that these causes must be met by other

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causes. To use a military phrase, they "call up their reserves" and give battle.

There is an amazing amount of fear in the business world. Factory workers are afraid of their foremen. Shop assistants are afraid of the one who is in authority over them. Most employees are afraid of losing their jobs. Many executives are afraid of their Chiefs. This is a serious matter, as there is probably no other one thing that cows the mind and prevents action as much as does FEAR.

No efficient Managing Director wants to be at the head of a company of frightened people. He wants his people to stand erect and feel secure and dare to make suggestions. Certainly, he does not want them to be mere obedient Robots, as that would greatly increase his own troubles and responsibilities. He wants his people to think and to be actionminded.

Nothing can be more brutally stupid than for the man at the head of a company to try to create an "Inferiority Complex" in the minds of his subordinates. Many a small company, and a few large ones, have been built up by Dictatorships, but always, in the long run, Dictatorship has proved to be a foolish and destructive policy. It does not develop strong and competent executives. It

prevents initiative. It does not create efficient organizations.

When a man or a company stops making improvements it becomes increasingly hard to restart a campaign of action. When the action habit of mind is lost, to regain it is not easy. When Action goes out of the door, Apathy flies in the window. Many a company has slowed down into a state of lethargy, and nothing has been able to arouse it until the Receiver knocked at the door. Just as the body must be kept fit by exercise, so must an action-brain be kept fit by continuous action.

Having known many successful men, I would say that the main secret of the success of many a man is his power of driving himself forward. Whether it be will-power or something else, there is the will-to-action in some brains and not in others. To keep on thinking and improving when not supervised—that is a power which a certain number of men possess.

Many a man who has really good abilities and much knowledge, is weak-engined. He lacks driving force. Such a man works when he feels like it. Any small obstacle will stop him. Sometimes, when conditions are favourable, he will make a good spurt; but his average output is always small.

In the early days of the motor car industry, an inventor took me for a ride in a new sort of electric car. The car went well enough on the level road, but when we came to a hill, it stuck. We had to turn round and go back. Many a man is like that car—good enough for down-hill work, but no good for up-hill work.

Of all mental defects, this is one of the hardest to cure. A man will not even try to remedy this defect unless he is made ashamed of his weakness. The only way to cure it, as far as I know, is to adopt this rule—do something hard every day. Any weak-engined man who would follow this rule for a year, would at the end of the year have plenty of driving force.

We all agree that endurance is a virtue, but it should never travel in single harness. It should be paired with initiative. All of us put up with too many things that we should get rid of. Even in Christian countries, there is too much fatalism. Too many people think—"What is to be, will be"; and this state of mind has been terribly destructive to both success and happiness.

Some silly poet wrote these lines:

"Serene I fold my hands and wait, I know my own will come to me."

Nothing much comes to these hand-folders except mould and cobwebs. They have only patience, and patience by itself is a poor, second-hand virtue. I have never seen much value in it. A man must actively promote his own interests. He must not sit down like a pavement artist. He must make sure that he gets his share.

At the end of his life, a man has no means of knowing how much he has lost by deciding to "take no action". But it would likely be a sum of money large enough to stagger him. It is very probable that if a man, at the end of his life, could compare what he has lost by action with what he has lost by inaction, the latter amount would be much the greater of the two.

If we take just one simple matter—the letters he did not write, we can see that his loss would be a heavy one. How often a man says—"Yes, I must write a letter about that", and then forgets to write it! He will not know what this costs him at the end of the year, but it may be a great deal.

A man reads an advertisement of a new machine that would reduce his costs. He thinks—"I must write and find out about that." But he lays the advertisement aside. Other things are soon piled on top of it, and

it passes out of his mind. A man thinks he should send for a business book, or write to a young man who will suit him as an employee, or to his best customer, or to a new supplier. But he postpones the writing of the letter. And he suffers a loss.

A man or a company may either acquire or lose the action habit of mind. So may a nation. There was a time when Spain was the outstanding nation of the world. The great Act of Columbus put Spain in the forefront for at least three generations. Spain led the way in 1492 and held her leadership until she crashed in 1588.

For more than three centuries the Spanish habit of mind has been to postpone. The magic word has been To-morrow—"Mañana". There is "always jam to-morrow, but never jam to-day". A Spaniard inherits troubles from his father. He conserves them and passes them on to his children. That is the Spanish system. That is why Spain is Spain. The Spanish people, in many ways a noble and superior race, lost the action habit of mind.

There are plenty of British firms that are being run on this Spanish system. They are run by directors who are afraid to say Yes or No—who merely postpone and drift. This is one of the most serious dangers that can happen

to any firm or nation—the conservation of trouble by a policy of postponement.

One of our Prime Ministers actually gave us as a national slogan that phrase of weakness, "Wait and See". To our credit, it must be said that we have derided that slogan. We have not adopted it. If we had, we would be on our way to be in the same condition as Spain. Our real national slogan—the one that has shaped our policy for several centuries—is—"If anything is unsatisfactory or loss-making, gradually alter and improve it."

Any young man who sits still and waits for promotion is adopting the policy that destroyed the power and prestige of Spain. He must not get the delusion into his head that promotion is a matter of influence or luck. It is not. It is true that influence has a good deal to do with promotion. Many things in the business world go by favour. Many competent men help their relatives. Naturally, they do. They should. Some of the relatives who are helped make good and some do not. This will always be so.

But influence is a thing that can be acquired. That is the point to remember. People are helped by friends as well as by relatives. A man can acquire influence by helping others, by being likeable and by being exceptionally

efficient. He can put himself in a position to get favours. To do nothing and expect some outside influence to help us is like sitting by a river and waiting for it to run by.

Many a young man thinks he is in a "dead end" job. Perhaps he is, but for his own sake he should take it for granted that he is not. He should ask himself this question—"What action can I take which will be the best help to me, in climbing up, in personal development and in the building up of character?" Almost always, I say to these young men—"Make good before you quit. Don't quit as a failure. That will do you a great deal of harm."

Sometimes a young man allows failure to become a habit. Sometimes he tries half a dozen jobs and does not make good in any one of them. That is serious. For his own sake, whether his Chief promotes him or not, he must try to do his present job better than he is expected to do it. He may then discover that he is not in a "dead-end" job. He may start up the ladder of promotion.

All business men, young or old, should bear in mind that borrowing money does not come under the head of action. Debt solves no problem. It only postpones the whole matter. A man who is making no profits thinks—

"If I could only borrow £5,000 my troubles would be over." The answer is—they would only be temporarily over. The problem of how to make profits would still need to be solved.

No matter in what position a man finds himself, there is always something that can be DONE at once. I am convinced that this is universally true. If he does some very small thing, this will put him on the way to do a larger thing. He must do what he can. Next week he may be able to do something that he cannot do to-day.

One thing leads to another. Step by step a man walks for miles. When any man says "Efficiency grows stale after a time", this proves that he knows very little about Efficiency. He is like the dull boy who cannot get out of the first form, and who says that his ABC book is uninteresting. Efficiency is growth in business and intelligence. It leads from one thing to another. And no one can go on to the higher things until he has learned the lower things.

If a man does not apply the teaching of Efficiency to his business, naturally the little that he knows becomes stale to him. If a shopkeeper has not yet had proper lighting in his windows, it is not likely that he will

learn Salesmanship and Advertising. If a manufacturer does not keep his stores in order, it is not likely that he will learn standardized operations and mass production. If Efficiency seems the same old thing, over and over again, to a man, it is because he has not yet started to apply it. Once he begins, he will find some new truth in it every week.

As soon as a man acquires the action habit of mind, he is always on the lookout for opportunities. Whenever he reads of a new idea or method in business, he thinks—"What use can I make of that?" He keeps on introducing helpful variations into his business. He picks up his ideas here, there and everywhere. And he feeds them into his organization.

There are plenty of good tips in the daily papers. A keen man reads his paper with a pencil in his hand. And he asks himself— "Is there anything in the news to-day that concerns me and my business?" A confectionery manufacturer, for instance, reads of the betrothal of Prince George and Princess Marina. At once he sends an order to his factory to put on the market "Princess Marina Chocolates". A manufacturer reads of the big strike of cotton-goods workers in America. He cables an order to his agent in America to push the sales of his goods. A publisher reads that

there is a new tennis champion. At once he sends for this champion and persuades him to write a book on tennis as quickly as possible.

When a man has for at least five years carried out a policy of action, he becomes what we call a practical man. He has become able to make quick, wise decisions. He is not likely to be fooled by wild theories nor deceived by plausible tricksters. He has acquired a money sense and a knowledge of human nature. He has reached the place where, in any emergency, he is likely to know what to do.

Sometimes a man who is not practical—who has never trained himself to be a man of action, receives a legacy or a Sweepstake Prize. As he has not earned the money, he has no money sense. He has not made himself fit to have money, and in most cases in a few years he loses it.

A group of grabbers—both relatives and outsiders, will gather around him with outstretched hands. Cadgers and schemers and writers of begging-letters will make him their prey. He may answer an advertisement that says—"Wanted—a partner with £1,000", and later he will find that it was only the money that was wanted. He may buy a business that he knows nothing about. He may even lend the money to someone who has no intention of paying it back.

It may be taken as a rule that whenever a man who is not practical receives a sum of money, he should put it where it will be SAFE. He should not try to be a speculator or a philanthropist. His one best investment would be to buy a home. With what is left, he can buy good securities that will yield 5 per cent. He should beware of all securities that yield more than 5 per cent. He might buy the shares of one of the "Big Five" banks, for instance. He cannot afford to take risks. Not being a practical man, he must play safe.

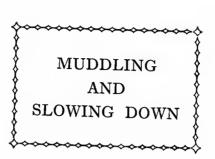
It has often been said that most inventors make little or no money by their inventions. This is because inventors are seldom practical men. They have a rare ability—the ability to invent. But they are not men of affairs. They are seldom good executives. Usually, an inventor expects an invention to yield him a fortune, whereas if he received £500 for it he would be well paid.

In most cases, when an inventor tries to make and market his invention, he makes no money at all and loses what he invested. He is going out of his sphere. He is like a hen trying to make an omelette. He knows nothing of salesmanship nor cheap production. His wisest course of action, usually, is to patent his invention quickly and to sell the patent to

a reliable firm for a lump sum and a small royalty. He should not put too high a price on it. An inventor always under-estimates the cost of perfecting, producing and marketing an article. His figure for "estimated profits" is almost always too high.

So, action in the rough-and-tumble of business life, has a technique of its own. This technique, I must say, cannot be wholly learned from books. It can only be learned by those who APPLY what they learn from books and from other sources of information. A man learns action by acting. There is no easier way. And eventually, if he keeps on, he acquires the action of mind.







## CHAPTER THREE

# MUDDLING AND SLOWING DOWN

UDDLING is a totally different thing from Creative Action. A muddler is a man who keeps on working without using his head. When he sets out to do a thing, he does not first think of the "desired result" and create the causes that will produce it. A muddler is often a hard worker. Sometimes he works with great energy. Sometimes he does what he wants to do. But he does not work efficiently. He never secures the "highest percentage of result."

All of us, no doubt, are muddlers at times. The pressure of our work compels us every now and then to begin a job without enough knowledge and preparation. It is also true that sometimes there is a new job concerning which there is no data and we are compelled to "learn as we go". But the point to remember is this—we must know when we are muddling. We must not become self-satisfied muddlers. We must not be content with muddling as our regular procedure. When a man has planned a job and done it well, he can give

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himself a word of praise; and when he has muddled a job and done it badly, he can accept the blame and not make excuses for himself.

It is a strange fact of human nature that very few business men judge themselves by results. Whenever they fail, they always have excuses. Whenever they fall, it was because somebody tripped them. Sometimes, even when a man has tumbled a business into bankruptcy, he remains self-satisfied and complacent. He offers a perfect alibi. He places all the blame elsewhere. He learns nothing from his failure.

The fact is that when any business is doing badly, the man at the top MUST blame himself, whether he is really to blame or not. He must judge himself by results. There is always something that he can learn and do to make an improvement in the Balance Sheet. It is said that men learn from experience. No, they do not. Very few of them do.

The point that I want to make is that most men ignore the lessons of experience. They keep on with the same old methods in spite of a series of losses. If a man is not teachable, his experience is of no value to him. He retains his conceit in spite of years of blunders. Every wise man is humbled as well as instructed

by his experience. He is not as cocksure at fifty as he was at twenty-five.

A successful American merchant, with about thirty years of experience, made the following frank confession at a Convention of Retailers:

"When I think back over the years", he said, "computing in my mind the picture in my own institution of the amount of losses taken through merchandising; when I think of the sales to potential customers lost, because of inefficient selling; when I think of the amount of money wasted through injudicious and unproductive advertising; and when I think of many other inefficiencies of operation, which are not inherent in our business alone but can be found in every retail business in the country, I am ashamed of the picture."

That merchant has won both fame and fortune. He is very efficient, and his success has not made him complacent and unteachable. He knows when he is muddling and when he is acting wisely. His mind is still open to new ideas and methods. He judges himself by results. And his steady aim is to decrease the percentage of muddling.

Generally speaking, there are two classes of muddlers—the CHASER and the SITTER. The former is a man of energy and planless action;

and the latter is a man who puts a veto on action—a "wait and see" man, who demoralizes his business by retrenchments and delay. They are two entirely different types of men, but both may fairly be classified as muddlers.

The Chaser is "too busy to read". His work seems to have a half-hour start on him every day and he spends the day chasing it. His office or other place of business is never in order. He revels in details. No little task is too small for him. He is one of those who still believe the old-fashioned idea that an executive should pick up pins. If he has an organization, he keeps it in disorder by interfering in all parts of it. Invariably, he means well, but he has not the slightest inkling of what efficiency means. He believes that he is a man of Action, but he is not. He is only a Chaser.

It is unquestionably a fact that even in many large companies, many of the men at the top do too much travelling—too much running about. This is a serious waste of both time and money. Many a man has the delusion that he is busy when he is travelling. The answer is—he is not. He is busiest when he is THINKING, and he is idlest when he is being carried about like a piece of luggage.

I must say that I had this delusion myself

in my younger days. I had a great sense of importance when I had to travel five hundred miles to do a job or to give a lecture. But eventually I learned that the farther I travelled, the less net profit I made. Then I put an end, as far as possible, to travelling.

There are men in Manchester who go to London every week, and there are men in London who go to Manchester every week. Perhaps they must, or perhaps it is only a wasteful habit. They should make sure that what they accomplish is worth the trip. It must be remembered that one of the Axioms of business is—"Motion Increases Cost."

This running about habit is more prevalent in America than in Great Britain. Many American business men work as though they were paid by the mile. Once, when I lived in New York, I received an urgent telegram, asking me to go to Chicago. I went. There was a half-hour Conference. All that I did could have been done by a telegram or by telephone. My bill was £65. What I did was not worth £10. I was a mere Chaser.

It is worth noting that the man who has made the largest fortune in America—John D. Rockefeller, has always done the least possible amount of travelling. His habit has been to stay at home and THINK. He created

the plans and let his people do the work. It has certainly been a successful policy. The vast Rockefeller fortune was built up by Creative Action.

As for the second class of muddlers—the Sitters, they do not sit and think. They sit and worry. They do not lead their subordinates. They only nag. Their most usual mood is one of irritation. They have the same influence on their employees as a frost has on a garden. They have a sort of dog-in-the-manger policy. They will not act and neither will they allow any of their subordinates to act.

Instead of pushing their businesses forward, they hold them back. They put economy first, instead of development. They do not know that economy is a by-product of efficiency. They are influenced by fears, usually. And in a time of depression they slow down their businesses to a standstill.

A comedian on the wireless said—"My uncle is a very careful man. He takes no risks. He always drives his car uphill with the brakes on." This was said as a joke, but it is often a fact in business life. Many a company, especially in a time of depression, is driven uphill with the brakes on. This is one of the most disastrous types of muddling.

There is a time when it is necessary to put

the brakes on in business. If the United States had put on the brakes in 1928, there might have been no Wall Street crash in 1929. If Kreuger, the Swedish "Match King", had put on the brakes when his company was growing faster than any other company in the world, he might not have crashed. But Kreuger was a fool. He drove without brakes. The same can be said of Hatry and Stinnes and Insull. They did not put on the brakes going downhill. And they crashed.

Brakes are necessary in business. When any trader is over-trading—buying more than he can pay for, what he needs to do is to put the brakes on. Whenever there is a boom on—when the prices of securities and commodities are soaring, it is wise to put on the brakes—to buy less and sell more. But in a time of depression, when business is moving uphill, that is no time for brakes. Why do so many business men forget that? On an uphill stretch, there should be more energy, not less. Every possible thing should be done to increase energy and enthusiasm.

Giving employees a 10 per cent cut in wages—that puts the brakes on. It usually reduces energy and enthusiasm by more than 10 per cent. Sacking useful employees—that puts the brakes on. The sales people should be

stimulated to sell more goods. Cancelling subscriptions to business magazines and stopping the purchase of business books—that puts the brakes on. Making obsolete machines work a year or more longer—that puts the brakes on.

When business is an uphill job, there must be stimulation. When the work is 20 per cent harder, the people in the company must have 20 per cent more energy. If there is no cause for enthusiasm in outside conditions, a company must start an enthusiasm of its own. Certainly, it must not try to go uphill with the brakes on.

A company that has over-traded—that has run ahead of its capital, may have to curtail activities and lop off several unprofitable departments. It may have to make sacrifices in order to pay off an overdraft. But even in such cases, it is better to start some kind of a go-ahead movement. It should not turn its people into defeatists. There is always some forward step that can be taken to increase its volume of business.

The Sitters forget that a half-busy business makes no profits. A 200-room hotel with only 100 rooms occupied—that is making no net profit. A 60-seat restaurant with only 30 customers—that is making no net profit. A

1,000-seat theatre with 500 seats empty—that is making no net profit. A factory with 100 machines and with 50 machines idle—that is making no net profit. Any company that is only half-busy is only making enough to keep going. It may be losing money. To make good profits, it must run at full capacity. The first 50 per cent of sales are profitless. The profits are made out of the last 50 per cent.

Almost every business man is in danger of becoming a Sitter, because of his losses and mistakes. Our mistakes slow most of us down. There is no doubt about that. Many a young man starts out with initiative and enthusiasm and a sublime confidence in himself. Presently he makes a bad mistake and he never gets over it. Is it not true that most men over forty play safe? They avoid the risks that lead to success. Why? Because they cannot forget their mistakes.

There are at least five things to be said about mistakes:

(1) No creative, purposeful man can wholly avoid mistakes. No one can always do the right thing at once. Mistakes should be taken for granted, like measles and bad weather. Every business man, now and then, hires the wrong man, buys securities that make him lose money, adopts the wrong business-policy

and so on. No man is infallible. And anyone is liable to be deceived.

- (2) If we take mistakes as educational, they will help us forward, not hold us back. Certainly, no one should make the same mistake twice. There is always something to be learned from a mistake. Inventors and scientists make scores of mistakes before they succeed. By studying the ideas and methods of successful men, we can avoid many mistakes. It is quicker and cheaper to learn from others than to learn by personal experience alone.
- (3) Every mistake teaches us to learn as much as possible before we take action. It shows us the value of preparation. Most mistakes are caused by a lack of knowledge or a lack of skill or because of some temperamental defect. Knowledge can be acquired. So can skill. And most temperamental defects can be overcome.
- (4) It is better to look forward and to make new mistakes than to look back and do nothing. A man must keep on. If he has the right mental attitude towards mistakes, they will not slow him down. When Edison, the inventor, failed in an experiment, he would often say cheerfully—"Well, now we know another thing that can't be done."
  - (5) One of the worst mistakes that a man 58

can make is to lose his initiative. An all-alive man, making mistakes, will make more money than a robot. Learn, prepare and try again—that is the right policy. It is the unbeatable man who climbs to the top of every trade, industry and profession.

Failure does not hurt a man if he learns from his failure and tries again. It does not hurt him unless it stops him. Also, it is true that the failure of one man may give an idea to another man. We notice this in the history of inventions.

Some writers have criticized James Watt. He was not a real engineer, they said. He took ideas from other people. So he did. So did practically every inventor. There were steam engines before Watt, but they did not work. Watt learned from the failures and made a success. Eleven bad reapers were invented before McCormick made the first good reaper. He took ideas from the failures and added some devices of his own. There were internal combustion engines that wouldn't work, before Otto made one that would work. The same can be said of Diesel engines before Diesel. Edison spent most of his time in taking the failures of other inventors and turning them into successes.

In a word, a failure is an OPPORTUNITY,

either for the man who made the failure or for some other man. A failure always has a cause. There may have been a lack of one little thing. Every success means an assembling job. An advertisement may fail because of a bad headline. A shop may fail because window display was neglected. A factory may fail for lack of trained salesmen, and so on.

The great harm that failures do to most of us is that they prevent us from making experiments. They slow us down, and some of us become like those aged Directors who sit like statues at Board Meetings, and say "No" to every suggestion for improvement.

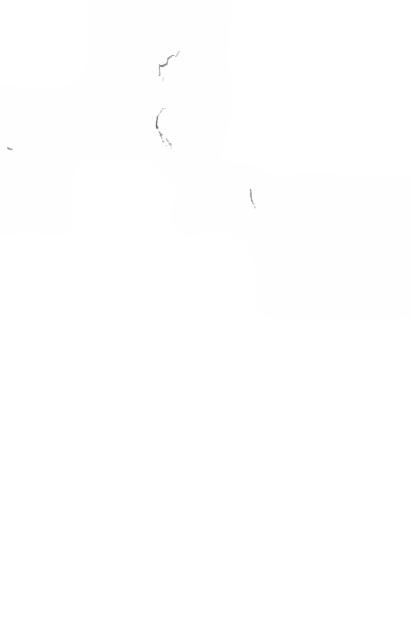
This great fact remains true—that there can be no progress without experiments and there can be no experiments without, now and then, a failure. After a failure, a man should look up with bright eyes and say—"Now, let us see why we failed, and have another go." Did not Sir Humphrey Davy once say—"The most important of my discoveries have been suggested to me by my failures?"

In the making of a new machine or the starting of a new method, there are usually several failures at first. But these failures are educational. As Frederick Taylor once said—"You learn more from a poor start than from no start at all." The theory is to prepare before

starting, but every practical man knows that preparation may be carried too far. There can never be 100 per cent preparation. There will always be some things that can only be learned by starting.

When old John Fritz invented a new machine, he would say—"Now, we have got the drawings right and the castings right. Let us build it and see why it won't work." In the doing of any new job, there are likely to be several wrong starts. We learn by trial and error. The right way is to prepare as far as possible, without losing time and to make a start. There are many things that we must learn as we go along.

So, as we have seen, there are two kinds of muddling. They are very different. The one consists of planless action and the other means inaction and retreat. But both slow down a business. The Chaser muddles his business into a mess and usually ends in a nursing home, while the Sitter sits and see his business dwindle and decay. Neither knows how to get things done.





# CHAPTER FOUR

# CREATIVE ACTION IN MANAGEMENT

Were man in a managerial position, whether he has few or many people under him, would do well to have our Formula of Action constantly in mind—"First study the nature of the desired effect, then create the causes that are likely to produce it." A manager stands or falls by the causes that he puts into operation. It is he who creates both the profits and the temperament of his company.

Of all the companies from which I have learned what I know of the art of management, there are three that remain outstanding in my mind—the Standard Oil Company and the Bell Telephone System in America, and Cadbury's, in England. In my opinion, the art of management has been developed to the highest point it has reached in these three companies. And all three are rendering an almost perfect service to the public.

These three companies have secured the

sincere loyalty of their employees. They have grown large without becoming departmental or bureaucratic. They have encouraged initiative among their people. Cadbury's is unique in this respect. It has received more than forty thousand suggestions from its rank and file and has paid out more than £16,000 in prizes. It has done more than any other firm in the world to make its employees action-minded.

The Standard Oil Company and the Bell Telephone System have become the two largest companies in the United States. Each has assets of more than £400,000,000. Judged by results, the methods of management of these two companies are well worth studying. They have never had a strike nor a lockout. They have never had incompetent men at the top. They have always had a system of promotion by efficiency. And in spite of their size, they have never degenerated into bureaucracy.

These companies were organized on right lines by two great Individuals. The Standard Oil Company was created by John D. Rockefeller and the Bell Telephone System was created by Theodore N. Vail. Cadbury's was created by the two Cadbury brothers. Invariably, back of every great success there has been a Man, and in the case of these three com-

## CREATIVE ACTION IN MANAGEMENT

panies there was no exception to this rule.

The Standard Oil Company was attacked by the United States Government and broken up into thirty-five companies, but so strong was the company feeling and so effective was the team play that it has made more profits since this attack than it made before. Incidentally, it learned the benefits of decentralization.

The Bell System, by effective advertising and the education of the public, has thus far escaped being attacked and broken up by the Government. Its system of organization is unique. A central holding company is in control of research, finance, national matters and national publicity, while the actual operation of the telephone system is in charge of local companies. This method prevents the dangers and evils of centralization.

In all these three companies the Directors are not unskilled outsiders. They are experienced WORKING Directors. They work as hard as any of their employees. The Standard Oil Directors meet every weekday at 10 a.m. and receive news direct from various parts of the world. The Bell System Directors consult one another daily. So do the Cadbury Directors. All three companies have skilled, efficient leadership.

An efficient large company creates a SYSTEM of causes. Every day it produces its "desired results". A great daily paper produces nearly two million copies every weekday. Year after year it never misses a day. The London Underground runs a three-minute-service of trains. Its average cost of tube construction was £850,000 per mile, yet anyone can go from Piccadilly Circus to Holborn for a penny. W. H. Smith & Son, Ltd., send out 12,000,000 newspapers and magazines a week, and make deliveries with clockwork regularity.

Mr. Barnish, Managing Director of the Unilever Company, once said to me—"In preparing the accounts of our company, we have to deal with seven hundred Balance Sheets." In that vast company, there are seven hundred "desired results" to be secured every year. And an incredible number of causes have to be set into operation.

We must learn the art of management from successful LARGE companies. Why? Because in a big company efficient management is absolutely essential. In a small personal company, a Managing Director who knows little of the rules of management may make his company prosper by reason of his own qualities of mind and temperament. He can be in close personal touch with all his people. But in a

big company this close personal touch is not possible. In its place there must be good management.

We know to-day that big companies do not have all the advantages. They have quite a few special troubles that small businesses seldom have. About a million years ago Nature made some experiments with big animals—the mastodon, dinosaur, brontosaurus, etc. The experiment was a failure. The big animals died out. Only the whale and the elephant were left. So, in the business world, we have been making some experiments with big companies. Some have been marvellously successful and others have failed.

We have found out this fact—that the most solid, successful and beneficial unit in the business world is a big company, Well managed. Also, we have learned that it takes the highest degree of skill and ability to manage a big company. Size alone is not much of an asset. A small, well-managed company can make a far higher percentage of profit than a big company that is badly managed. The problem of a big company is how to maintain speed, initiative and progressiveness.

More than half of the big companies become bureaucratic. They get stuck in a rut. They slow down. They become more or less like

Government Departments. The men at the top of a big company find it hard to make decisions. As one Managing Director said to me recently: "It is no joke to decide to spend £75,000." Instead of decision, there is debate. There are many Conferences. No move can be made, usually, without consulting half a dozen heads of departments.

Almost every big company tends to become departmental, and there is usually friction between the departments. Only the Managing Director, perhaps, thinks of the company as a whole. A big company, consequently, is slow to adapt itself to changed business conditions. It is unwieldy if it is governed by departments. In America, the big department stores fared much worse than the small shops after the crash of 1929. They could not adapt themselves to the depression.

It was stated in the Daily Express that "Scotland Yard is living on its past"—that the towns of the Provinces are leading the way in fighting crime. It was said that the new ideas in fighting crime are coming from Nottingham, Leeds, Sunderland and other provincial towns. The writer of the article in the Daily Express—Mr. Leslie Randall—said that "the startling truth is that the best of the provincial police forces are far ahead of Scot-

land Yard". If this be true, it proves what I am saying—that a small unit is more likely to be quick and progressive than a large one.

For this reason, the best managed big companies are beginning to decentralize. They are giving more authority to Managers and heads of departments and judging them by results. They are thinking more about results and less about system and uniformity. Also, they are giving quicker promotion to their ablest young men. They are encouraging initiative, instead of preventing it. They are encouraging a friendly rivalry between the different units of the company. And they are offering rewards and incentives.

The biggest company must be as keen in fighting for profits as a small business is. It cannot jog along in a "business as usual" fashion. A big ocean liner does not run itself. The men in charge have to work just as hard as the men on a small schooner. A big company, well managed, helps its whole trade or industry. It helps its managers and employees and gives a good service to the public. If it is quick, teachable, progressive and friend-making, there is no good reason why it should not prosper for centuries.

In a small company, the man at the top is the chief CAUSE of whatever is done. All

depends on him. He can know everything and start everything. He has time to deal with comparatively small matters. But if he is efficient, his company will grow too large for this personal leadership. He will then need to gradually let the smaller matters alone and organize a group of executives to deal with them. Many a company grows to a certain size and then stops growing, because this point has been neglected.

The teaching of Efficiency with regard to details is this—study even the smallest details until the job is done correctly, and then, as far as possible, leave the detail work to others. To keep on DOING detail work—that is one thing. To STUDY details and get them right—that is a very different thing. This misconception with regard to details prevents many a man from becoming an efficient Manager. He may either neglect detail work altogether or he may give nearly all his time to it.

One reason why many a business does not grow is because the man at the head of it is swamped with details. He does too much of the day's work himself. He has not learned how to organize. The man at the head of a business should not do anything that he can teach others to do. That is the teaching of Efficiency. But, at the same time, he must

have his eye on all the little jobs now and then. He must not neglect the detail work. When Henry Ford buys a factory, he supervises the cleaning of it. But he does not keep on doing this. He puts the cleaning job on someone else.

The man at the top of a business must set himself free, as far as he can, from the common little jobs. He must have time to deal with the large affairs. But he must not neglect these common little jobs. He must make sure that they are being done properly. As Michelangelo once said—"Trifles make perfection and perfection is no trifle." The right rule is—Get the details right, then leave them alone and have a look now and then to see if they are being done correctly.

Mr. Lloyd George, in his interesting Memoirs, pointed out the defects of many French and British Generals in this matter of management. He pointed out that they had tremendous perseverance, but lacked teachability. They did not learn from their failures. Some of them, he said, "never learned anything from failure except how to stage an even bloodier fiasco". A harried nation usually makes "the mistake of thinking that the seat of intelligence is the CHIN", he said.

What was needed, said Lloyd George, was

"initiative, resource, pliability, vision, imagination, aptitude to learn from experience, courage and skill to profit by, and not to persist in, mistakes". This is as true in business as it is in war. In hundreds of businesses, we have too much chin management.

Quite a few shallow writers praise perseverance, as though it alone were a virtue. The answer is—it is not. Persistence in doing a thing the wrong way is stupidity. To merely say to a man—"Keep on", is silly advice. A man must have persistence in trying—yes. But he must not persist in making the same old mistakes, as many of our Generals did in the war.

It is said that a tortoise, which has practically no brain at all, will walk against a hot poker over and over again and never learn to avoid it. There are men in the business world who are like tortoises. They will persist in following the wrong policy year after year, until their businesses come to an end.

When a man's business has been making no profits for three years, he can be sure that what he has been doing has been wrong. He must not stick to his policy and say—"The secret of success is perseverance." He must change his policy. He must make drastic changes. Also he must face the facts and say—"I do not know enough. I must learn from those who know how to make profits."

Many a business has been brought to grief by too much chin and too little forehead. Obstinacy and unteachability are never virtues, either in business or in war. Every scheme and every policy must be judged by RESULTS. In business, we judge everything by its effect upon net profits. The common-sense rule is —stick to nothing unless it pays or can be made to pay. Either an army or a business must be managed with INTELLIGENCE. Chin management is invariably a failure.

When a company grows large, the man at the top must give up some of his authority. He must give his executives power to deal with departmental matters. He must often ask for advice and information. He can no longer see with his own eyes all that is going on. He must allow his executives to become Causes.

Every Managing Director should now and then ask himself this question—"These executives of mine—are they leaners or leaders?" If they are leaners, he can blame himself. He is not giving his managers enough freedom and responsibility. And if they are leaders, he can be well satisfied with himself.

A wise Managing Director wants strong men under him, not men who have been turned into clerks by paternalism. He wants men who think for themselves. He does not want

echoes. He wants men who have initiative, not timid creatures who run to him for permission to sneeze.

Sometimes a Managing Director has a picture in his mind of himself as a strong oaktree, and of his executives as the ivy. This picture may please his vanity, but it proves that he has the wrong idea of an efficient organization. The more strong men there are in a firm, the better. And one of the chief duties of every Managing Director is to develop and strengthen his executives.

A retailer died in England and soon after his death, his business was wound up. There was no one left in it to carry it on. This retailer was an old-fashioned man. He really had no organization. He gave personal attention to everything. He was determined to make himself indispensable. He did. And his business came to an end when he died. He made a mistake. He should have trained his younger men to carry responsibilities. He should have had understudies.

Organization is a sort of insurance. It enables a company to carry on, no matter who passes out of it. No company nor department should be upset because someone in it is taken away for any reason. Every man of affairs must prepare for the future. He must ask himself—

"What will happen to my company when I'm gone?" Whatever happens, the company must go on.

The work of every executive falls naturally into two parts—Supervision and Creative Action. Of these two, Supervision is the easier. That is why many executives give most time to it. The harder work of Creative Action—of planning new improvements, is sometimes almost totally neglected. As a result, the company settles down into a rut. It does its routine work and no more, and jogs along more and more slowly towards extinction.

Many executives act like auditors. They spend their time looking at results. They concern themselves with the past, not the future. They must do this, but this is only the easiest part of their jobs. The hard part of their jobs is to cause right results. Above all else, an executive must learn what ought to be done and see that it is done. An executive must make plans and suggestions. He must be creative. He must look ahead. He must do every possible thing to prevent bad results.

Many a time I have seen a Board of Directors poring over the weekly or monthly Report, and spending a whole hour without making a single useful suggestion. This sort of thing may be

auditing, but certainly it is not managing. What is the use of any Report if it is not followed by helpful suggestions? An executive should be a leader, not an onlooker. What to do—that is always the vital matter.

A writer in *The National* suggested that there should be a "College of Company Directors". This college would train men who want to be Directors, and would also have an abridged course of training for existing Directors. This is, of course, a wise suggestion. It is a bit too wise to be carried out by this generation. In fifty years time there will undoubtedly be such a college. It will be a department of a Business University.

As long as so few Directors believe in complete staff training for their employees, it is not likely that they would support a college to train themselves. Whether we approve of this suggestion or not, the fact remains that the number of our untrained, unfit Directors is legion. Certainly, they ought to be trained.

As for a Managing Director, he has a difficult and responsible job, much more comprehensive, perhaps, than he realizes. In order to do his job completely, he must do the following five things:

(1) Make profits and dividends.

(2) Deal fairly with employees.

(3) Give a satisfactory service to customers.

(4) Promote the welfare of his trade or industry.

(5) Promote the national welfare.

As you can see, there are some Managing Directors who do not do even one of these things. Most Managing Directors think that they do enough if they do the first three. They forget that they are morally bound not to injure their trade or their nation. Any Managing Director who can pass these five tests has a right to regard himself as a 100 per cent Managing Director. He does the right thing by his shareholders, his employees, his customers, his trade and his nation.

The Managing Director is to his company what the Front Brain is to the body. He must give it thought and will-power. If he does no more than supervise the routine, then he is only a Back Brain. He has the hardest work to do, because it is creative work. Usually, when a Managing Director is efficient, he is the most poorly paid man in the company, in proportion to his value to the company. I have found quite a few competent Managing Directors who are receiving £5,000 a year, and who ought to be receiving twice as much.

At a meeting of the Efficiency Society of Chicago, a lecturer drew on a blackboard a

chart of organization. It showed the Managing Director at the top, then, under him, the executives, and at the bottom the clerks, salesmen and workers. A Communist in the audience sprang up and gave a fiery talk on the burden that was put on the "wage slaves" at the bottom.

An efficiency man rose from the audience, went to the platform and turned the black-board upside down. "That's the way it ought to be to show who carries the burden," he said. "The burden of responsibility is not carried by the workers. It is all on the back of the Managing Director." The audience saw the point and applauded him. The Communist was silenced.

It should be accepted as a rule in the business world that a Managing Director should receive a bonus whenever the net profits of his company go beyond a certain point. The more the profits, the higher should be his percentage. The method of payment by results is just as suitable for rewarding Managing Directors as for rewarding workmen. Every profit-maker is entitled to a fair percentage of the profits he makes for his company. The more he gets the better. This percentage may vary from 3 to 10 per cent. It depends upon the amount of money that is spent on equip-

ment. If the profit is made more by management than machinery, the bonus of the profit-maker should be higher.

A Sales Manager, too, should receive a bonus if he lifts the sales above a certain figure without sacrificing net profits. At least four-fifths of his work, if he is efficient, is Creative Action. Whether sales go up or down, he is the main Cause of it. A Sales Manager has a wide range of duties which none but he can do. An American book gives a list of thirty-three jobs that should be done by a Sales Manager. Next to the Managing Director, the Sales Manager has the most difficult and responsible job in any company.

A Works Manager can be taken into the circle of profit-makers by being given a bonus based on the reduction of the costs of production. There are "inside profits" that can be made in any factory. If a Works Manager goes at the hard end of his job—Creative Action, and not always at the easy end—Supervision, he can greatly decrease costs and speed up the output.

As for a foreman, he, too, can be developed into a profit-maker if he is taught the art of management, and if he is given a percentage of what he saves his company. He, too, has many jobs, such as, for instance, these:

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(1) Taking on new workers.

(2) Teaching them.

(3) Supervising all his workers.

(4) Keeping his department neat and orderly.

(5) Taking orders from Works Manager.(6) Making out Reports for Works Mana-

ger.

(7) Answering questions from office or

Sales Department.

- (8) Planning the work of his Department.
- (9) Chasing tools and materials.
- (10) Hurrying up "urgent" jobs.
  (11) Keeping his machines busy.
  (12) Preventing accidents.
  (13) Handling stupid or obstinate workers.

- (14) Preventing waste of materials, tools, steam, gas, electricity, etc.
  (15) Stimulating workers to do their best.

In the doing of all these jobs, a foreman can act as a routine man only, or he can be creative. He can make improvements. He can make more suggestions than excuses. He can become a staff-trainer. He can learn more about the technique of his job by studying books and perhaps by visiting other factories. He can start a little "Anti-Waste" movement in his department, or a little Efficiency movement. If he cannot do this—if he is held back either by his Works Manager or a Shop Steward, 82

then there is something wrong with the organization of his company.

Generally speaking, I have found that most foremen are not given enough power of initiative. This seems to be true in all countries. Foremen have never yet been given fair recognition. Their present status in a company is too low. When a department is being discussed in a Conference of executives, the foreman of the department is seldom called in. And this neglect of foremen prevents them from having complete control of their departments, and from launching out into Creative Action.

It is often the case that a group of factory workers set themselves as a body against their foreman. Sometimes, of course, it is the foreman's fault. He may have played tricks on them. It is a serious matter. A group of workmen may decide to produce only a limited output, or to break some rule or method of the company. A foreman Must be in control of his people. If he cannot secure obedience, someone else must take his place. Every slacking conspiracy must be broken up. To have workers deliberately limit output, when given fair pay and good conditions, is an intolerable situation.

When Frank Copley was preparing his

Life of Frederick W. Taylor, he went to the homes of old workmen who had worked under Taylor when he was a foreman. In every case they used these words in speaking about him—"You had to do what he said." They all spoke of him with respect and affection. Some of them had photographs of Taylor in their homes. But all agreed that he insisted on being obeyed.

If they deliberately broke their machines, he fined them. If a man refused to produce a fair output, Taylor took a labourer and trained him to take the man's place. He put himself in control of his men and in the end they stopped fighting him. Any works in which there is no discipline—no control, needs to be overhauled from top to bottom.

Every executive, high or low, must have a strong hand in a velvet glove, in order to get things done well and quickly and without friction. He must be in touch with his people. Also, they must like and trust him. They will not do their best if they are afraid or suspicious. He must be fair—as fair as a Referee. Any executive who is fair and likable is sure to win the loyalty of his people, even though he may lose his temper at times.

As we know, we must use tact in dealing with customers, because we have no control

over them. But in dealing with our own employees, that is another matter. The fact is that if a man likes his employees and they like him, he does not need to use much tact. He can talk straight to the point.

We are not a thin-skinned race. We do not have to be handled like bric-a-brac. We prefer a John Blunt to a Mr. Pussyfoot. If a man carries tact too far in dealing with us, we are likely to be suspicious of him. In a word, tact is good, but frankness is better. And as soon as complete mutual confidence and friendliness is established in a company, there will be very little need for tact.

A competent Managing Director studies his executives. Every man must be handled according to his nature. One man needs praise whereas another man may be spoiled by too much praise. One man must be stimulated, while another has plenty of energy and needs only to be guided. One man may need more knowledge, while another needs to be taught how to work with others without friction.

Almost every Managing Director has trouble with some men whom he has promoted who have lost their heads. Every man is tested by big pay. One man keeps his head and determines to be more and more useful to his company, but another one loses his head and

swells up with a sense of his own importance.

Many a man, when he reaches the high level of £1,000 a year, goes home and tells his wife that he is the most useful man in the company. She then tells him that he is not being paid enough. She says that he ought to be getting twice as much. So, instead of being pleased, he becomes dissatisfied. He does less work for £1,000 a year than he had been doing for £750. And he is less loyal and much harder to manage.

During 1934, I invented a new management habit, which has proved to be very useful. Every Monday I take my three Managers to lunch. We have a quiet corner in Swan & Edgar's restaurant. A certain table is reserved for us. We talk about what was done during the past week. Then I give each Manager a card on which I have written six or seven special things to be done during the coming week.

I find that this saves my time. Also, it enables me, without losing even an hour, to definitely supervise and direct what is being done. It promotes team play. It keeps me from getting out of touch with my Managers and it keeps them in touch with one another. Moreover it starts the week with a pleasant little social event. We always have plenty of

fun. It gives us a jolly send-off for the week. We might call this the "Monday Staff Lunch Habit".

There have been many improvements in the art of management since this century began. In general, they come under two heads—those dealing with the BRAIN and those dealing with the FEELINGS.

As to the developments that concern the Brain, we owe most to scientists. They have given us the "Scientific Method", upon which efficiency is based. Scientists did not set out to teach business men, but they discovered a method that was far superior to any method that was in general use in the business world. Seeing its value, many of us have adopted it.

The secret of the success of scientists is that they were the first really TEACHABLE people who were not held back by opinions and traditions. They were the first to develop the rare power of observation. And they were the first to see the value of experiments.

In the fascinating book—The Search—by Dr. C. P. Snow, a scientist says: "Scientists are the first collection of people in the world who've been trained to be honest and detached about the things they see. They have vowed honesty and detachment, and that's something staggeringly new."

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Scientists were the first people who made it a habit to steadily search for the facts that they do not know. They go on a quest for the truth. No scientist is ever such a fool as to say—"I know my job from A to Z." And there you have the main reason for the amazing achievements of Science.

As yet, the spirit and methods of Scientists have only begun to come into the business world. Our word for the Scientific Method is EFFICIENCY. We are only beginning to learn the value of observation and experiments. As yet, only a small percentage of business men are teachable. The mass of small business men soon stop learning.

The business world, at present, stands half-way between the religious world and the scientific world. Its so-called knowledge is a jumble of true and false, useful and useless, fact and tradition. Many a business firm has a changeless creed. Its routine has become an almost sacred ritual. It is as much opposed to efficiency men as a priesthood is opposed to heretics. Many a business man, if you point out how his business could be improved, is annoyed. In fact, one of the best tests of any business man's efficiency is this—what is his attitude towards suggestions for improvement?

The Scientific Method is now being adopted 88

more and more in business. Why? Not because we like it. We don't like it. It is not the easy way, but it gives RESULTS. Invariably, it increases sales, lowers costs, puts net profits up and makes a business grow. That is why we are adopting it. Often we see a business with £200,000 capital making more net profit than another business with £2,000,000 capital. The reason is that the smaller business has adopted the Scientific Method, while the big business has not.

The Scientific Method has already accomplished wonders in the business world. It is like an Aladdin's Lamp. It creates palaces and millionaires. It is the surest cure we know for business troubles. As soon as any business man adopts the mental attitude of a scientist—as soon as he really wants to know and begins to act on his new knowledge, his business will begin to move forward. He will begin to get things done.

As to the developments in the art of management that concern the Feelings, it is quite possible that we owe most to the presence of WOMEN almost everywhere in the business world. We are now beginning to regard it as essential that people should be, as far as possible, happy in their work. More and more, we are putting the drudgery on machines.

More and more, we are improving and brightening the environment of the worker. When people do their work happily, more work and better work is done.

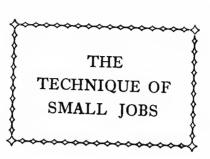
People who are "fed up" with their jobs are usually "fed up" with their homes, too, and with life in general. Every man's job reacts on his home life. Every wife knows that. The children know it, too. If a man is keenly interested in his job and has good conditions and a fair chief, he goes home at night with a bright face. He says—"I have had a good day to-day." But the man who has stopped learning, who regards his job as the "daily grind", goes home with heavy steps and a mood of depression that casts a gloom over his home.

We are now beginning to regard happiness as one of the principles of Efficiency. Certainly, it gives us a higher percentage of result. When people work happily, they do much more work and without fatigue. They are less likely to make errors, because they are not in a trance. Their minds are wide awake.

Every factory and shop is full of FEELINGS. That is a fact that so many employers forget. These feelings may be either profit-making or loss-making. Feelings are never mentioned in a Balance Sheet. But they are one of the factors

of every Balance Sheet, whether it is a good one or a bad one. We should make no mistake about that. So, as you can see, employers and employees, both, must give a thought to mental conditions. And everyone in a company, from the Managing Director to the office boy, is responsible, more or less, for the mental conditions that exist in that company.

To sum up, management is mainly Creative Action rather than Supervision. It is concerned more with improvement than with routine. It takes into consideration all the causes that help or hurt a Balance Sheet. It is constructive rather than critical. It is always on the search for a better way. It gathers in knowledge and passes this knowledge down the line. It aims to stimulate the brains of the people in the company, and to win their loyalty and goodwill. Above all else, good management is Creative Action.



## CHAPTER FIVE

# THE TECHNIQUE OF SMALL JOBS.

N the preceding chapter, our Formula of Action was applied to the work of executives. In this chapter, it will be applied to the work of the rank and file. We have found that every job, however small, has its Technique. There is one right way to do it.

One of the most surprising discoveries that Efficiency Specialists have made is this—the average worker does not know the one right way to do his simple job. Many a worker is like a one-finger typist. He is doing his work in a clumsy, unskilled way. Usually, he claims to be a "skilled worker" because he has been doing his job for five years or longer. But he is not skilled.

We have found that a worker will hardly ever do his job in the one right way unless he is trained by someone who has studied the job. He will be taught a little by his foreman, and a little more by his fellow-workers, but neither the foreman nor his fellow-workers may have studied the job or given any special thought

to it. Consequently, as no test of skill is applied to him—as he is not required to pass any examinations, he muddles along and wastes a certain percentage of his time and energy.

It must be said that the lack of skill among the rank and file of the industrial and commercial world is appalling. How many stokers know how to stoke? How many parcel-wrappers know how to wrap parcels? How many machine-tenders know how to get the most possible work out of their machines? How many shop assistants know the six elements in a sale? How many travelling salesmen know the right way to begin an interview? Not many.

One of the most profit-making Principles of Efficiency is STANDARDIZED OPERATIONS. The output has been doubled and in some cases trebled by applying this Principle, yet in the main it has not been generally adopted. The purpose of it is to find out the one best, quickest and cheapest way to do a routine job—a job that is being done over and over again. On repetition work it pays to save seconds. In a big factory there may be a job that is done 1,000,000 times a year. Suppose it takes seven seconds. If the time can be reduced to five seconds, that is a saving of seventy eight-hour days.

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Most workers are self-taught or taught by other workers or taught by a foreman who has never studied the job. It is a striking fact that very few workers ever find out for themselves the one best and quickest way to work. Practically every worker uses more energy than he needs to use and produces much less than he might do.

I venture to say that not one worker out of a hundred knows the right way to use his arms and hands. Neither does his foreman. In almost every factory you can see workers working at arm's length—working in such a way as to produce more fatigue than output. A worker does not know that he has two hundred bones and four hundred muscles and that some of these are strong and some are very weak.

He does not know that his elbow and his fingers are weak and that his wrist is strong. He does not know that he should bring his work as close to him as possible, keep his elbows in and do the work with his wrists. Invariably, he stoops and leans over too much, thus putting a strain on the muscles of his back and his legs. A human body is a machine and very few workers know how to use it so as to prevent fatigue and increase output.

No body of workers, as far as I know, has

ever been given a "Book of Instructions" on the human body. This will seem a strange fact a hundred years from now. This matter of "Body Engineering" is a new subject, and as yet the men in charge of factories have given little or no thought to it. Most of our so-called "skilled" workers are not skilled. That is the truth of it. They have not enough interest in their jobs to acquire technique. And they have not been taught by those in authority over them.

Foremen, as a class, have never shown any keen interest in "Standardized Operations". They have been quite content to let their workers muddle along in the traditional way. Only twice in the last thirty years have I known a foreman who went to his Works Manager and asked to have the operations in his department studied and standardized. Few foremen have noticed that skill is required in machine-tending. Both the worker and the machine must be studied. Almost always the worker does too much and the machine does too little.

On all jobs, waste motions should be eliminated, both hands should be used as far as possible and there should be as little as possible of work at arm's length. The aim, in efficiency work, is always to save energy and time and

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to get a higher percentage of result. It is a rule, of course, that all motion study should be made on the best workers and on repetition work only.

In general, our industrial leaders have overlooked the fact that machine-tending requires more or less skill on the part of the worker. There has been a wide-spread delusion that our semi-automatic machines can be operated by unskilled workers. As a result, when machinery came in, the apprentice system went out. But to-day the most efficient manufacturers are restoring the apprentice system.

A very small percentage of machines are doing as much work as they were designed to do. Why? Because the machine-tenders are not skilled. To take an extreme case, a good typewriter could be made to type 200 words a minute, but no typist has ever been able to do more than 145 words a minute. And the average typist does about 60 words a minute.

There is no more important fact for a Works Manager to know than this—the actual working-time of his machines. The machine and the worker, together, may be busy for eight hours a day, but the worker may be busy while the machine is idle. The machine may be working only six hours a day or less. On one occasion, I found a ribbon loom running at one-eighth

capacity. The shuttle was moving only one hour a day, because of an unskilled worker and faulty thread.

Usually, the worker does too much and the machine does too little. And it is the machine, not the worker, that creates the output. Sometimes a machine-tender requires a helper. It may really be a two-man machine. In this case, to try to economize on wages is a false economy.

A machine-tender should keep his machine going and that is all he should do. He should not have any walking-about work as well. He must have enough light where he wants it. There should be no glare in his eyes. If he is a short man, he may need a platform. He should not be obliged to work at arm's length. If he works with his strong muscles, not with his weak muscles, he will prevent fatigue and work much more quickly. As you can see, efficient machine-tending is not as simple a matter as it is generally regarded to be.

In most factories, there is too much walking about on the part of the workers, and walking, in a factory, is a waste of time. Walking about is a proof of bad management. It shows lack of planning, lack of equipment and careless supervision. It is a sure sign that the factory is being run like a workshop. Whenever there

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is too much walking in a factory, there is always too little thinking and planning in the offices. There should, of course, be as many mechanical conveyors as are needed. There should be an efficient transportation system.

In an efficient factory such as, for instance, Austin's, the skill of the workers is not taken for granted. Every job, however small, is studied. The worker is taught the one right way. There is a carefully worked out system of flow-work. There is no muddling. There are the right machines in the right places, and every machine-tender has received definite instruction. The problem has been solved of how to get things done CORRECTLY.

A Planning Department is not necessary in a workshop, but it is necessary in every factory that has at least three hundred workers. A workshop is a one-man affair. Its efficiency depends mainly on the man who is at the head of it. But factory work should be organized. Preparation must come before production, and the work of planning should not be left to the foreman. An efficient Planning Department does at least the following things:

- (1) Receives, digests and gives out all orders.
- (2) Bulks several similar orders into a single order.

(3) Checks requirements against stock and materials.

(4) Maintains a stores system.(5) Rearranges work to meet emergencies.

(6) Studies conditions that interfere with plans.

(7) Co-ordinates the work of all produc-

tion departments.

(8) Prevents delays, congestion and short runs as far as possible.

It comes to this, that in every fair-sized or large factory, where there is division of labour and consequently a multiplicity of small jobs, all these small jobs should be studied by an expert. This task should not be left to foremen, nor to the workers themselves. Amazing net profits have been made by the few industrial leaders who have realized the importance of this policy.

We are now studying the technique of office work as well as of manufacturing. We have been compelled to do this by three Causes:

(1) The influx into offices of a flood of untrained girls.

(2) The invention of new office equipment.

(3) The organization of large companies, in which efficient offices are essential to good management.

In many a company, the men at the top 102

give nearly all their time to production or selling. They neglect their offices. They undervalue the usefulness of a competent Office Manager. The man at the head of the office may be a good Accountant, but a bad organizer. And he is left alone to muddle through as best he can. A lot of cheap girls are employed. They are seldom trained. Usually, they are left to work out their own routine.

A muddling office slows down the whole company. Customers are irritated by mistakes and delays. Office costs are sometimes even twice what they should be. The fact is that an office should be organized like a model factory. There should be up-to-date equipment and skilled workers and standardized operations. Many a Managing Director can put up the net profits by giving most of his attention, for one month, to his office.

Many business men undervalue the technique of their office work. As most of the work is done by girls, they regard it as simple and easy. As a result, there are many errors in their offices and the offices are overstaffed.

We know that there is technique in office work for this reason—there are great differences between the work done by skilled and unskilled workers. One worker will do from three to five times as much as another. One

typist takes three seconds to insert a carbon, while another takes twenty seconds. One typist never looks at her keyboard, while another twists her head four hundred times an hour. And so on.

There is one right way to do a job in an office. One girl will open letters twice as quickly as another girl does. An office is a Service Department. It serves the Departments that manufacture or sell. By giving quick, accurate service, it can lower the costs of production and help to increase sales. A slow, muddling office is a clog on a business, but an efficient office is a stimulant—a pace-maker.

The fact is that the new office equipment has lifted bookkeeping up to a higher plane. It has revolutionized accountancy. It has made possible such a speed and such a service as were never dreamed of by our grandfathers. Our task to-day is to develop the human element in our offices up to the point where the best possible results will be secured from the new equipment.

We are now applying these five tests to our offices:

- (1) The bookkeeping system must account for the entire business.
- (2) The figures obtained must show results and indicate costs.

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(3) Information revealed by the figures must establish a basis for intelligent planning.

(4) The records must develop the information needed for the successful management and control of the business.

(5) The information obtained must be quick and dependable.

The new equipment enables these five services to be rendered. It makes daily reports possible. It enables the men at the head of a company to see quickly the results. Then, if these results are not the "desired results", they can take action and create the causes that will lead to better results. The new equipment has, in fact, done much to speed up management. That is a story that has not yet been told.

The data gathered and classified by the office is all meant for ACTION. It must be used or it is a waste of money to collect it. If the new equipment is properly used, the Managing Director of a large company can have a more accurate and up-to-date knowledge of his business than a small shopkeeper can have of his small shop. He is given daily information and this information should be acted upon.

A certain very competent English accountant was engaged by a large industrial company. He installed up-to-date cost records and made

a number of useful weekly reports. At the end of two years he walked into the Managing Director's office and resigned. "I have been sending in reports for two years and no action has been taken on them. So I intend to try to obtain a position where my work will be respected and ACTED ON."

The Managing Director was surprised. He at once called several executives in and the accountant's figures were examined. They were found to be of the highest value and action was taken on them at once. The accountant was persuaded to withdraw his resignation. Ever since then action has been taken on his figures every month, and there has been a handsome increase in the net profits of the company.

As Mr. W. Desborough has said, "office machines have done more than anything else to develop office organization and to eliminate cumbersome and wasteful methods". They have created a large number of new small jobs in our offices, and to get the full value of the machines two things are necessary:

(1) We must instruct office workers how to do these small jobs efficiently, and not deceive ourselves by thinking that the machines can be operated by untrained workers.

(2) We must act on the data that can now 106

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be secured daily and weekly from a well-equipped office.

In our retail shops, too, as well as in factories and offices, the great bulk of the work of selling is done by shop assistants—by small people who have small jobs. We still ignore the technique of selling to such an extent that girls of sixteen, straight from school, go behind the counter and proceed to sell goods. It is probably true to say that not one sales girl out of twenty-five has ever studied even one book on salesmanship, and that not one out of fifty has been thoroughly trained.

Most of the work of a large department store is done by shop assistants, packers, delivery men and clerks. Customers do not come in contact with the men at the top. The store is represented to customers by small people who do small jobs. These small people represent the store. They may please or lose customers. They may create ill will or goodwill. They may build up the business of a store or pull it down. It is consequently a matter of the highest importance that all these small jobs should be studied, and that every employee shall be taught the one right way.

This is true, too, of the building trades. At the top of the building trades there are compe-

tent, highly skilled people—architects, contractors, financiers and so on. But the actual work of building is done by small people, many of whom have very little skill. Most carpenters, painters, bricklayers and plumbers have picked up their knowledge from foremen and from other employees. Few have been trained by competent men who have really studied the jobs.

Mr. Alfred C. Bossom, an English architect who won fame and fortune in America as a designer of great buildings, has called our attention to the need of more technique and better planning in the building trades. He has written a book on this subject—Building to the Skies. In this book he applies the principles of efficiency to building.

Building a skyscraper in America, he says, is mainly an assembling job. It is erected by what is called a "Time and Progress Schedule". The world's largest building—Rockefeller Centre in New York City—was completed in fourteen months, with practically no overtime, at a cost of two shillings and sixpence per cubic foot. This was done by planning and the instruction of workmen as to the technique of small jobs. This building stands as an object lesson in efficient Creative Action.

Most of what has been said in this chapter 108

# THE TECHNIQUE OF SMALL JOBS

is also true of farming. On a farm there is a multiplicity of small jobs, most of which are done by unskilled farm labourers. Plainly, as many of these jobs as possible should be done by machines, used by men who have been taught how to operate them. The Scientific Method can be applied to agriculture. It has already been applied by many pioneers with amazing results.

In his *Memoirs*, Mr. Lloyd George says—"I have always been of the opinion that with improved scientific knowledge and with mechanical devices we could at least double the yield of our soil." In his own farming experiments, Mr. Lloyd George has proved this. It is probably true that all over Great Britain we have 50 per cent farms and probably many that have only a 30 per cent output. And the two main reasons are a lack of equipment and lack of technique in the small jobs.

The profitableness of studying small jobs was strikingly proved by a certain large catering firm in England. The loss by the breaking of dishes grew larger and larger in this company, until those at the head of the company decided to make a thorough investigation. Dish-washing and dish-handling are two small jobs, but the vast business of this company made the loss by dish-breaking an incredibly

high one. The whole matter was studied by competent men. A technique of dish-handling was created, and in a short time the loss by breakage was greatly reduced.

In this matter of dealing with small jobs, business men can learn much from the stage. The great stars of the stage pay the most careful attention to trifles. They study every tone, every look, every movement. They spend much time on rehearsals. Even during the run of a successful play, it is rehearsed once or twice a week, in order to see if it can in any way be improved. There is no neglect of the actors and actresses who have small parts, as there is in business. If an actor has only two words to say, he is taught and drilled to say these two words in the one right way.

We can learn much, too, from the sports field. No champion ever wins by luck, but by training and practice. When Gordon Richards, in 1934, rode in twelve consecutive races and won them all, that was not luck. That was technique. In sports and games of every kind, knowledge comes first and then comes skill. Ask any winner the secret of his success and he will reply—"Training and Practice."

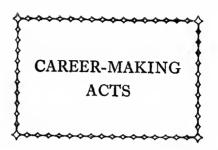
We can now see that the status of the Staff-Trainer in most large companies is far too low.

# THE TECHNIQUE OF SMALL JOBS

This matter of the technique of small jobs is one of vital importance. The great bulk of the actual work in any company is done by small people, and if they have not been taught RIGHT ACTIONS the total loss to the company is a very heavy one. A great responsibility rests upon the Staff-Trainer. Yet in most companies the Staff-Trainer has a comparatively low standing and many large companies have no Staff-Trainer at all.

So, to sum up, the actual DOERS in any business are for the most part small people who have small jobs. They are all ACTION people and it is essential that they shall be taught how to do their jobs correctly. No company has any other work that is of more importance, nor that is more profitable, than the much-neglected work of STAFF-TRA NING.

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# CHAPTER SIX

# CAREER-MAKING ACTS

MAN secures some knowledge, by search or by chance. At once he ACTS on this knowledge. Hundreds, perhaps thousands, of others possessed this same knowledge. But when this man heard it, he ACTED.

This paragraph might very suitably be the first paragraph of almost every biography of a man who has won fame and fortune. His career started with knowledge followed by action. Very seldom has any man been pushed into a career. Never has an inert man been caught up, like a log by a flood, and flung forward to greatness. Almost always a great man's career began when he saw something he wished to attain and made a determined step towards it.

A career, in a word, is started by a decision to do something. Cecil Rhodes made this First Decision when he was a lad of seventeen. He went to South Africa and became one of the first diamond-diggers at Kimberley.

Andrew Carnegie made his Decision when he was twenty-nine. He put every penny of his savings into a small iron-making company. Henry Ford made his Decision when he was a very young man. The cause of it was a picture of a horseless carriage, invented by a Frenchman, which he saw in a farm paper.

John Wanamaker was twenty-three when the Idea came to him that started him on his way to become the most successful of American merchants. At that time he owned a shop a small, ordinary shop. He wanted to buy his mother a gold brooch, so he went into a jewel-lery shop and selected one. While the jeweller was wrapping it up, he saw another brooch that pleased him better. "I think I'll change my mind and buy this one," he said. "No, you won't," replied the jeweller sharply. "You're too late. You've bought the other one and you must keep it." As young Wanamaker left the shop, a new Idea flashed into his mind—"Why not have a shop that was run from the customer's point of view-where customers could even have their money back if they changed their minds?" The next day he took action and began to run his little shop on new lines.

Alexander Graham Bell, the inventor of the telephone, made his Great Decision when

## CAREER-MAKING ACTS

he was twenty-eight. At that time he had made a good deal of progress in his invention, but he had come to the end of his resources. His two backers had lost faith in his experiments and had refused to advance more money. "Who is the best man to advise me?" he thought. He ran to Professor Joseph Henry, who was then seventy-eight and who knew more about electrical science than any other American. Professor Henry said—"Get the electrical knowledge that you need and perfect your invention." From that moment young Bell never faltered. He regained the confidence of his backers. And in a short time he obtained a patent that gave him a fortune of two hundred thousand pounds.

Frederick Henry Royce did not reach the turning-point in his life until he was thirty years of age. For nine years before that he had been making dynamos and electric lamps in a small workshop in Manchester. Then he bought his first motor car. It fascinated him. He took it apart and studied it. It was not a well-made car. No cars, at that time, were well-made. A fixed purpose sprang up in Royce's brain to make the best motor car in the world. And several years later he met the man who became his partner—Charles Rolls, and his purpose was eventually carried into effect.

Charles M. Schwab, the American steel-maker, took his first step towards success when he was only a lad of seventeen. He was a poorly paid shop assistant in a small grocery shop. One day the great Captain Jones came into the shop to buy some cigars. He was the head of the big Edgar Thompson Steel Works, one of the largest in the world. Young Charlie Schwab saw that his great chance had come. "Captain Jones", he asked, "will you give me a job in the Steel Works?" Captain Jones laughed at the boy and said—"Come up." Several days later young Schwab was given a job at four shillings a day. He broke all records for quick promotion. When he was twenty-five, Captain Jones was killed by the explosion of a furnace and Schwab was chosen to take his place. In eight years he climbed from the foot of the ladder to the top.

Michael Faraday, who made possible the first electric motor and started the Electrical Age, made his Great Decision and acted on it when he was only twenty-one. At that time he was only a shop assistant in a small bookshop near Baker Street, London. His hobby was chemistry. He had attended a series of lectures by Sir Humphry Davy, who was the most eminent chemist of his day. So, young Michael Faraday dared to write a letter to Sir Humphry, asking for a job in a laboratory. He

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enclosed with his letter the notes he had taken on the lectures. Sir Humphry was so much impressed by the cleverness of these notes that he sent for Faraday, and made him an assistant in the big laboratory of the Royal Institution. Soon afterwards, he became Sir Humphry's assistant and travelled with him on the Continent. At twenty-nine he made his great discovery, and became famous. His career began with the writing of a letter.

Frank W. Woolworth, too, was a shop assistant when he made his first fortunebuilding purpose and took action. He was in a small shop in a small town. He was twentysix, but he was being paid only sixteen shillings a week. He heard a travelling salesman say that a certain shop had put in a five-cent counter and that it was a great success. At once he acted. He ran to his employer and persuaded him to order £15 worth of goods that could be sold for five cents apiece. He mixed up a lot of old stuff with the new goods and put the lot on a big counter, with a sign— "Anything here for five cents." There was a rush for this counter. "Customers seemed crazy to get anything they could pick up on that counter," said Woolworth. The following year, helped by his employer, he started "Woolworth's Five Cent Store".

John D. Rockefeller shaped his life-purpose

and took action when he was only a young bookkeeper in an oil business in Cleveland, U.S.A. At that time the whole oil business was in a mess. The oil was bad and dangerous. There was a chaos of price-cutting and trashselling and dishonesty. Young Rockefeller conceived the idea of cleaning up the mess, of standardizing the oil and giving reliable service to customers. He began to buy shares. He put every penny he could get into the oil business and his better methods soon made him the leader. Eventually, he created the Standard Oil Company, which is still the largest of all oil companies.

Michael Marks took his first step towards fortune and, incidentally, met the man who became his partner, when he was only twenty-two. He walked into a wholesale haberdashery warehouse in Leeds and met a big, enterprising Yorkshireman named Thomas Spencer. Young Marks said—"I want £10 worth of goods on credit. I'm going to start a Penny Bazaar." Spencer replied—"You can have them." That was the origin of the firm of Marks & Spencer, which has made one of the most striking successes in retailing that this generation has seen.

Mr. H. J. Heinz, in 1896, was riding in a railway carriage. He glanced at an advertising card on the wall of the carriage. It was an

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advertisement for shoes, and it stated that there were "21 different styles". He was a manufacturer of tinned foods. He had nothing to do with shoes. But he was always on the alert to find ideas from other trades to help his business. He thought—"How many varieties of food do I sell?" He counted them up. He found that there were 57. That is how he invented his famous slogan—"57 Varieties." He made it known all over the world. It is to-day worth a fortune.

Many years ago, three lads, brothers, were having a walk on a fine residential street in Birmingham. One of the brothers—Richard—pointed to two large mansions and said: "Do you see those two big houses? They belong to two men who came into Birmingham with tools on their backs. Why can't we do the same?" Two of the lads were poor apprentices. The other was a clerk, getting £50 a year. Soon afterwards they started a little workshop of their own. Later, it developed into the famous firm of Tangye Brothers.

In 1924 there were two young men in the Civil Service—S. A. Scofin and H. E. Willmott. They were competent and ambitious. One day they decided to quit their safe jobs and make a plunge. They made up their minds to become manufacturers. The point is that they had only £10 to start with, but they rented

a stable at Ilford and began to make concrete garden rollers. Soon they moved to a railway arch workshop. Then they took over a small factory at Leytonstone. In 1933 they moved into their own factory at Barking, on a nineacre site.

Mr. Frank C. Reed, an executive of the Westinghouse Elevator Company, of Chicago, noticed one day that the big Marshall Field department store was very crowded and that people were waiting at the lifts. His company makes electric stairways and lifts. So, he thought—"Here is a chance to sell an electric stairway." At once he went to see the Managing Director of the store, but he was politely turned down. The Managing Director thought that an escalator was not "just the thing" for a first-class store. Mr Reed prepared facts, figures and designs and called again without success. He prepared still more facts and figures and made a third visit. This time he was successful. He received a big order. His success was due to the fact that he noticed a need and took quick, persistent action.

A man bought a local weekly paper in a small town and proceeded to run it very inefficiently. It soon became unprofitable. As Americans say, it was soon "in the red". He went to his best friend, a very competent estate agent, and asked his advice. "Well,"

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said the estate agent, "you don't know what to do. Neither do I. But we can find out." The estate agent took a week off to help his friend. He interviewed about two hundred men and women in the town. He asked them what was the matter with the weekly paper. Then he classified their complaints and suggestions, and worked out a plan for the paper. He took it to the owner of the paper. The owner made all the changes that were suggested, and in a few months the paper began to make net profits. This is a good example, on a small scale, of the Scientific Method. First there was the search for the facts, then a new policy was adopted and carried into action.

A lad of seventeen, small for his age, was given a job in the stores department of an ironmongery business. He wanted to be a salesman, but his employer said that he was too small and too young. He decided upon a plan of action. He asked his employer for a key of the store, so that he could come to work an hour earlier—before the store opened. The employer was surprised and gave him a key. And the lad went to work at 7 a.m., instead of 8. Several days afterwards, a customer appeared at 7-30 a.m., and the lad sold him a large order. Then the lad went to his employer, showed him the order, and asked

—"Now what about it? Will you promote me to be a salesman?" The employer agreed. What else could he do? And in a few years that lad became the best salesman in the store. As you can see, he compelled promotion.

In 1934 a clerk in a broker's office in London was looking over four allotment letters, concerning four thousand shares in an English company. He noticed that a word was spelled incorrectly. If he had been a robot, he would have taken no action. But he was not a robot. He jumped up and showed the letters to his employer. As a result, the discovery was made that the letters had been forged. The police were called in and a big swindle was stopped. At once, that clerk compelled the favourable attention of his employer and he was promoted to a more responsible position.

A young salesman was taken on by a manufacturing company. There were thirty other salesmen, but this young man quietly decided to become the Sales Manager of the company. And he acted. He spent £20 on books that taught him salesmanship and sales management. Every year he sent in more suggestions than all the other salesmen combined. One of his suggestions brought in £10,000 of new business. At the end of five years, the Sales Manager died and this young man—the

## CAREER-MAKING ACTS

youngest of the thirty-one salesmen, was chosen to take his place.

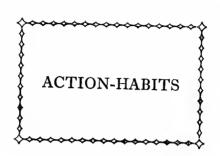
A young man in London was unemployed. For two weeks he tried to find a position without success. Then he stopped asking and began to act. He had a talent for drawing, so he bought some paints and heavy art-board. Then he went and looked at the shop windows, to see what signs they needed. He made the signs and took them to the shops. To each shopkeeper he said—"Your shop window needs this sign. I want no money for it. It is a gift. But I am hoping that you will give me orders for more." He went to ten shops. Only three turned him down. The other seven were pleased and gave him orders. This young man had no job, but he made one.

In a certain American city there was a thirdclass shopping street. It was badly lit and not very clean. No one in the street was proud of it. Then, one of the shopkeepers organized a "Street Association". Most of the shopkeepers in the street, not all, joined it. They secured better street lighting, to begin with. They improved the lighting of their shops. Some of them went in for floodlighting. They made their street the cleanest street in the city. They made the whole street spick and span. They formed six Committees—Publicity, Public Utilities, Building, Traffic and Taxa-

tion. They had their rates lowered. To-day that street is a first-class street. It is the most popular shopping centre. And everyone in the city is proud of it.

So, here is a collection of miscellaneous instances of CAREER-MAKING ACTS. It includes one of the unemployed and the richest man in the world. Any reader can find at least one instance in this collection that will suggest to him what he, too, can do. No matter what a man's problem may be—no matter what may be his present situation, there is always something that he can do at once to put his feet on the road that leads to success.

Many a young man has a dream of what he wants to be or to do. But it seems incredible to him that he should ever make his dream come true. He should remember this fact—all manner of improbable things DO happen. Ever so many so-called "impossible" things do come to pass. Life is the oddest thing in the world. It is not safe to say that anything is impossible. Many a 50-to-1 horse wins. If the thing that the young man wants is worth while, he should strike out for it, no matter how impossible it may seem to be.



# CHAPTER SEVEN

# **ACTION-HABITS**

VERY man of affairs forms certain action-habits. Some of these he acquires from others with whom he has worked and some he may have learned from books or business magazines. Some may suit him and some may not. At some early period in his career as an executive, he would do well to make a study of his action-habits and to make sure that he has the habits that will best help him in his work.

To fully described all these action-habits would require a book of its own, but in this book we need only have a short chapter that points out a few of them. The following action-habits have been tried out and found helpful by many efficient executives:

If possible, a business man should have a definite time each day for matters that require action. Unless action matters are separated from routine matters, the routine matters are likely to monopolize the whole day. Quite a few men use the last hour of the day to deal

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with what comes under the head of "New Business", as at that time there are likely to be the fewest interruptions. Also, it is then possible to act on the data and events of the day.

It is usually best to write down any instructions given to subordinates. If an order is given only in a conversation, it may be misunderstood. Harrington Emerson gives "Written Instructions" as one of the Principles of Efficiency.

One method of planning action is to first write down the "desired result" and then to write down the CAUSES that will produce this result. This simple plan will effectively prevent careless or haphazard actions.

One successful business man in Sydney has what he calls his "Three Steps" plan. It is as follows:

FIRST STEP—From time to time, go to where quiet thinking is possible, and draw up a list headed—"What MIGHT be Done."

SECOND STEP—In subsequent weeks and months, give careful thought to every item on this list. Compile a second list headed—"What CAN be Done." Against each item, place a date. Then act.

## **ACTION-HABITS**

THIRD STEP—Draw up a third list headed—"What HAS Been Done."

Many business men find that small cards, about  $3\frac{1}{2}$  by  $4\frac{1}{2}$  inches in size, are the most convenient for notes. Every note is put on a separate card, with a key-word in the upper left-hand corner. When kept in this way, notes can be more easily classified and arranged in groups.

It goes without saying that every executive needs more or less of a library. He needs books of reference and technical books if he is a technical man. He needs a big Dictionary and perhaps a small Encyclopaedia. It is no longer possible for any executive to get through his work efficiently totally without books.

Any man who has a couple of hundred employees would do well to engage a Data Clerk, whose duty would be to gather data and statistics that are needed in the management of the business. Many an employer wastes valuable time doing this work himself. In a very large company the Data Clerk becomes what we call a "Comptroller" and has a department of his own.

One wise rule, very necessary and very difficult to follow, is this—give every matter the time it deserves. This rule prevents a man from wasting time on trifles, and from

making hasty decisions on important matters.

It is never at any time wise to act without thinking of probable results. Every act is a cause. It may set into operation other causes. Many a well-meant act does more harm than good. A man must say to himself—"If I do this, what is likely to happen?"

As to objections and obstacles, they should be known beforehand. They should not be ignored. The objections may be sound. The obstacles may be insuperable or they may require a change of policy in order to overcome them. In a word, before we start a new scheme, we should know clearly what we are up against.

It is tactful to first consult those whom an act will affect. As far as possible, we should prevent friction and misunderstanding. Acts should not strike people like lightning. In order to make any scheme workable, we must prepare goodwill for it.

If quickness of action is necessary, the telephone, cable or wireless should be used. Sending letters by Air Mail, too, is a time-saving habit. Many a time a few shillings have been saved and many pounds have been lost, by the failure to send the quickest possible message.

## **ACTION-HABITS**

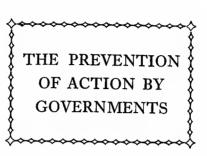
If secrecy is necessary, it is wise to employ a third person and perhaps more than one person. If a shopkeeper, for instance, wants to buy an adjoining shop, he should buy it through an estate agent, without making his name known. If a farmer wants to buy an adjoining farm, he should follow a similar course. One man who now and then buys large properties, invariably gives buying orders to five agents. This policy prevents the asking of an unfairly high price.

When an executive gives an order, he must have some method of knowing whether his order has been properly carried out—a sort of "Follow Through" system. Unless this is done, many an order may be pigeon-holed and delayed or forgotten.

Before launching any large scheme—any big advertising campaign or change of selling policy or the marketing of a new line, the safest way is to have a local try-out. Many a time such a try-out has prevented a heavy loss. It is less risky to try small experiments than big ones. The scheme may need to be altered in some way to make it successful.

Finally, I would suggest that whenever a company makes a change of policy or decides to take any act that concerns its people, this should be announced as "good news". There

are always people in every company who regard any change or improvement as bad news. The company can give the reasons for its action. And it can point to the "desired result".





# CHAPTER EIGHT

# THE PREVENTION OF ACTION BY GOVERNMENTS

N order to make this book complete, there must be a short final chapter on the prevention of action by Socialistic Governments and Dictatorships. Of all subjects, this is the one most vital and urgent in nearly every country. The Governments, which should be our servants, have become our masters. The next great task, which will probably be accomplished, not by this generation, but by the next, is to secure for the people more freedom of action, and the right to keep a larger percentage of what they earn.

Naturally, any reader who has gone through this book up to this point, will ask these questions—Why are there so few Creative Thinkers and Business Organizers? Why are there in most countries so many unemployed? Why is there so much apathy? Why are so many companies drifting? Why is there so much idle capital in the banks? Why is it that business men everywhere are not more alert and

active? Why are they not creating more new enterprises and developing the businesses that are already established, for the good of themselves and their countries?

The answer is—because of the most oppressive taxation that the world has ever known, and because of the rule in nearly every country of either a Dictator or a Bureaucracy. Every profitable action is being over-taxed and nearly every profitable action is being more or less hindered by bureaucratic regulations and restrictions.

Anyone would think that when a Government requires a vast revenue, to carry on its necessary and unnecessary work, that it would set the citizens free to make as much money as possible. But no Government has done this. On the contrary, the higher the taxes, the more are the restrictions. We have, even in Great Britain, been slowed down by a flood of legislation. Worse still, as Lord Hewart has proved, our bureaucrats are now making more new laws than our legislators.

As Sir Herbert Austin has said—"In the four years since 1930, legislation dealing with the motor industry has resulted in three major Acts of Parliament and 70 orders and regulations containing at least 455 individual regulations. That the industry has managed to

PREVENTION OF ACTION BY GOVERNMENTS survive and progress is one of the wonders of our age."

Most of us have read Dean Swift's clever satire—Gulliver's Travels. We remember how Gulliver visited a land of tiny people called the Lilliputians. As soon as he fell asleep the little people tied him fast, so that he could not move. They tied him with hundreds of cords.

That story describes what has happened to the Business Man in nearly every country. He has been tied fast by the Lilliputians of Bureaucracy. The same story comes to us from almost all parts of the world. The little people of the Bureaucracies have captured the Governments. They are now in power almost everywhere. In themselves, these little people are insignificant. They are neither rich nor competent, but they have behind them the power of the LAW. And the next great struggle for liberty will be between the Business Man and the little people of Bureaucracy.

This amazing state of affairs has been caused by the Socialistic propaganda of the past thirty years. It was caused by the general demand for more and more nationalization and State Control. The heads of "Big Business" did not put their affairs in order. They

neglected the education of the public and allowed themselves to become unpopular. In other words, they fell asleep and allowed the little people to bind them fast.

Weaklings do not like competition. They clamour for Government control—for "Economic Planning". Every man who collides against a post wants a law against posts. The dream persists in the human mind of a Utopia of perfect justice and equality and happiness. The only way, people think, to establish such a Utopia is by Government action. As every Government is always seeking for an excuse to extend its power, it promises Utopia and proceeds to tie its red tape around private enterprise.

This paragraph explains what has happened since the war in many countries. The field of private enterprise has steadily been decreased. The Government has become more and more the one big DOER. In Russia it has taken possession of the bodies, brains and souls of the people; and several other Governments are adopting the mad policy of the Moscow Soviet as far as they dare. Herbert Spencer's prediction of "The Coming Slavery" has already come true.

When little people are given power, they are cruel. They make harsh laws and enforce

them with heavy penalties. In 1934, it was enacted in America that no one can carry on an interstate business without a licence and without obeying the "Roosevelt Code". The law says that:

"Any person who, without such licence, or in violation of any condition thereof, carries on any such business shall, upon conviction thereof, be fined not more than £100 or imprisoned not more than six months, or both, and each day such violation continues shall be deemed a separate offence." If this means anything, it means that an employer who continues to engage a few lads of fourteen for twenty days may be fined £2,000 and sent to prison for ten years.

Also, a new "Security Act" was put into operation in America. Under this new law, if the Directors of the company make misstatements in a Prospectus, or if they leave out any important information, they are liable to be sent to prison for ten years. As a result, the new capital issues in America during one month amounted to only £10,000,000. Directors were afraid of the new law. During 1929, the new capital issues amounted to about £146,000,000 a month. They have decreased 93 per cent. This proves that Government interference almost put a stop to the invest-

ment of capital and the promotion of private enterprises. It is a perfect instance of the prevention of action by Governments.

Most of the Governments of to-day have outstepped their limitations. They have set out to do what they cannot do—what they have no right to do. No Government can raise wages nor the standard of living. That is not the purpose of Government. Whenever a Government tries to reorganize a business, it puts up the costs, reduces the profits and throws people out of work.

Neither does high taxation distribute wealth in such a way as to make the whole nation prosperous. It takes money from the profit-makers, upon whom the prosperity of a country depends. To rob Peter to pay Paul does not in the long run help Paul. The Communistic policy of levelling down does not help the masses. Certainly, it has not helped the masses in Russia.

In Great Britain, the number of unemployed began to decrease as soon as Government began to let business alone. When Government controlled housing, house-building came to a standstill. When builders were let alone, houses were soon being built at the rate of three hundred thousand a year. There should be enough Government Control of business

PREVENTION OF ACTION BY GOVERNMENTS

to prevent wrong-doing, and no more. Nothing else helps business as much as liberty and the right to keep what we earn.

Rousseau startled Europe in his day by saying—"Man is born free, yet everywhere he is in chains." To-day we might say—BUSINESS SHOULD BE FREE, YET EVERYWHERE IT IS IN CHAINS." The gipsies go free, but the more active and useful a business man is, the more he is hampered and taxed.

No one can make a move without being held up by an Inspector or a Tax-collector. A man cannot even buy £500 worth of shares without paying £5 to the Government. He cannot write a cheque without first dropping a penny in the Treasury. We are finding out that "the power to tax is the power to destroy." A steady process of business-destruction is now going on. Business is being taxed and in Germany and America much is being done to prevent what is called "unfair competition" between big companies and small businesses. Every big company is being inspected and restricted as though it were an enemy of the public. And this is a silly and destructive The most unfair competition is between the Government and a private company.

The biggest company is a midget as com-

pared with the Government. Back of the Government are the police and the Civil Service and the Army and Navy and the Law. Also, the tax-payers are back of the Government. The Government can sell articles that cost £5 for £3 and make up the deficit out of the taxes.

To restrict or smash big companies, or to have the Government compete with them, does not in the long run help the small businesses. Neither does it help the nation as a whole. Competition cures its own defects. No big company dare become oppressive. It is freedom of trade that makes nations prosperous.

Whenever a Government goes into business, it injures its own tax-payers. That is a fact that should be made widely known. Every Government business prevents a number of citizens from earning a living. Also, whenever a Government goes into any trade or industry, the whole trade or industry is more or less injured.

Our Government, for instance, runs its own printing department. It takes a huge volume of business from our tax-paying printers. This does not help tax-payers as a whole, as the costs of Government work are invariably higher than the costs of private work.

#### PREVENTION OF ACTION BY GOVERNMENTS

The fact is that almost everything creative and useful is done by some individual. Governments and swanking Societies do very little besides spending money and making a fuss. Once when I was in Geneva I asked the head of a department in the League of Nations: "What has your Department actually done?" "Nothing as yet," he replied bitterly. "We make suggestions, but they are all turned down. There are too many fingers in every pie." Almost always the net result of every Government enterprise is nothing, with a big bill to pay.

Government management reminds me of a story. A visitor in an insane asylum saw one of the patients dabbing at a blank canvas with a dry brush. "What are you painting?" he asked.

"This is a picture of the Israelites being pursued through the Red Sea," said the patient.

"Where is the sea?" asked the visitor.

"Why, that's rolled back to allow the Israelites to pass."

"Where are the Israelites?"

"They've just gone by."

"Then where are their pursuers?"

"Oh, they'll be along in a minute."

K

That painting is a good example of what a Government does. It creates nothing in the long run except a big deficit.

The one best slogan for all Governments, if they want to restore prosperity, is—"LAISSEZ-FAIRE"—let alone. This phrase was first used by a French merchant named Legendre. He was asked in 1670 by Colbert, a French statesman, what could the Government do to help business. He replied in two words—"Laissezfaire".

Colbert adopted this policy. He stopped Government interference. He made trade free. He reduced taxation. Under his rule, France became prosperous. If Colbert's policy had been followed after his death, there would have been no French Revolution. After France gave up the policy of "Laissez-faire", England adopted it. It was the policy of Pitt.

During the last two generations this policy has been howled down by the Socialists and Communists. Not even our Conservative Party believes in it. The fact remains that it is the only policy that can make any nation prosperous. Some day we may have a second Pitt who will restore the policy of LET ALONE.

It is unquestionably true that the more a 146

Government does in the business world, the less is done by the citizens. Government action does not stimulate action on the part of private individuals. Always and everywhere, when a Government goes into business, it is a bull in a china-shop. It may be a well-meaning bull, but that does not prevent its actions from being disastrous.

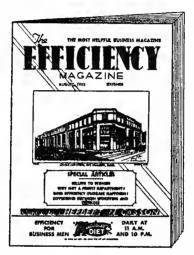
For fifty years a host of literary scribblers and Professors and revolutionists have been attacking private enterprise. But the fact is that private enterprise has proved to be the one best way to get things done well. Private enterprise has raised the standard of living to the highest point that has ever been known. It has done more in the last hundred and fifty years than was done in all the thousands of years before. Practically all the things that make life worth living to-day were given to us by liberty, competition and private enterprise.

There still remains much to be done. There are still hundreds of problems to be solved. Civilization is not yet complete in any country. The building of it has been checked before it was half finished. And the one best way to GET THINGS DONE is to set us free from the paternalism of Bureaucracies, to put an end to the vote-catching schemes of political

Governments, and to give to private individuals a larger measure of liberty and responsibility.

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